

Siyancuma

MUNICIPALITY



(These statements have not been audited)

FINANCIAL STATEMENTS

30 JUNE 2020

SIYANCUMA LOCAL MUNICIPALITY

Index

Contents	Page
	1 - 2
Approval of the Financial Statements	3
Report of the Auditor General	
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts - Statement of financial position	8 - 9
Statement of comparison of budget and actual amounts - Statement of financial performance	10 - 11
Statement of comparison of budget and actual amounts - Cash flow statement	12 - 13
Accounting Policies	14 - 46
Notes to the Financial Statements	47 - 91
APPENDICES - Unaudited	
A Schedule of External Loans	92
B Segmental Statement of Financial Performance - Municipal Votes	93
C Segmental Statement of Financial Performance - GFS	94
D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	95
E National Treasury Appropriation Statements	
- Revenue and Expenditure (Standard Classification)	96
- Revenue and Expenditure (Municipal Vote Classification)	97
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	98
- Capital Expenditure by Vote, Standard Classification and Funding	99
- Cashflows	100

SIYANCUMA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

GENERAL INFORMATION

NATURE OF BUSINESS

Siyancuma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Siyancuma Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Siyancuma Municipality includes the following areas:

Douglas
Griekwastad
Campbell
Schmidsdrift

EXECUTIVE MAYOR

PJ Mcklein

SPEAKER

JH. George

CHIEF WHIP

A. Oliphant

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	<i>PJ Mcklein</i>
Executive Councillor	<i>SJ Mosette</i>
Executive Councillor	<i>LC van Niekerk</i>

MUNICIPAL MANAGER

MF Fillis

CHIEF FINANCIAL OFFICER

CC Zealand

REGISTERED OFFICE

<i>7 Charl Cilliers Street</i>	<i>P.O. Box 27</i>
<i>Douglas</i>	<i>Douglas</i>
<i>8730</i>	<i>8730</i>

GRADING

Grade 2

Medium Capacity

AUDITORS

Auditor-General (NC)

Private Bag X5013

KIMBERLEY

8300

PRINCIPLE BANKERS

ABSA Bank, Douglas

Standard Bank, Douglas

First National Bank, Douglas

ATTORNEYS

None

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)

Collective Agreements

Division of Revenue Act

Electricity Act (Act no 41 of 1987)

Employment Equity Act (Act no 55 of 1998)

Housing Act (Act no 107 of 1997)

Infrastructure Grants

Municipal Budget and Reporting Regulations

Municipal Finance Management Act (Act no 56 of 2003)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Municipal Regulations on Standard Chart of Accounts

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Systems Amendment Act (Act no 7 of 2011)

SALBC Leave Regulations

Skills Development Levies Act (Act no 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act (Act no 30 of 1966)

Value Added Tax Act

Water Services Act (Act no 108 of 1997)

SIYANCUMA LOCAL MUNICIPALITY

MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	<i>JH George</i>
2	<i>PJ Mc Klein</i>
3	<i>SJ Mosette</i>
4	<i>L van Wyk</i>
4.	<i>LC Van Niekerk</i>
5	<i>GF Morolong</i>
6	<i>DV Duiker</i>
7	<i>A Oliphant</i>
Proportional	<i>KJ Apie</i>
Proportional	<i>DV Smous</i>
Proportional	<i>EM Fish</i>
Proportional	<i>TM Tamboer</i>
Proportional	<i>VZ Standers</i>

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2020, which are set out on pages 1 to 100 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.


MF Fillis
Municipal Manager (Acting)

31 October 2020
Date

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Notes	2020 R (Actual)	2019 R (Restated)
ASSETS			
Non-Current Assets		431 270 913	412 518 938
Property, Plant and Equipment	2	429 422 182	408 326 865
Intangible Assets	3	187 015	271 609
Biological Assets	4	136 303	102 614
Capitalised Restoration Cost	5	1 482 441	3 726 878
Operating Lease Asset	10	42 973	90 973
Current Assets		58 752 464	40 636 908
Inventory	6	2 576	2 774
Trade Receivables from exchange transactions	7	25 638 772	16 108 993
Other Receivables from non-exchange transactions	8	12 669 374	3 653 917
Taxes	11	16 667 472	14 241 014
Cash and Cash Equivalents	12	3 774 270	6 630 211
Total Assets		490 023 377	453 155 847
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		158 671 348	39 964 213
Long-term Liabilities	13	4 491 876	6 700 348
Employee benefits	14	17 104 000	19 340 371
Non-Current Provisions	15	-	13 132 644
Non-Current Payables From Exchange Transactions	19	137 075 472	790 850
Current Liabilities		104 967 330	205 295 466
Consumer Deposits	16	182 640	183 310
Current Employee benefits	17	3 262 496	5 486 499
Provisions	18	27 041 581	11 713 152
Payables From Exchange Transactions	19	63 735 772	180 464 316
Unspent Conditional Government Grants and Receipts	20	8 524 130	4 593 460
Current Portion of Long-term Liabilities	13	2 220 711	2 854 729
Total Liabilities		263 638 678	245 259 679
Net Assets		226 384 699	207 896 168
Accumulated Surplus		226 384 699	207 896 168
Total Net Assets and Liabilities		490 023 377	453 155 847

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 (Actual) R	2019 (Restated) R	Correction of error R	2019 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		130 042 034	98 030 043	(376 770)	98 406 813
Taxation Revenue		32 939 516	12 278 313	(376 770)	12 655 083
Property taxes	21	32 939 516	12 278 313	(376 770)	12 655 083
Transfer Revenue		91 285 680	80 567 347	-	80 567 347
Government Grants and Subsidies - Capital	22	32 762 324	26 619 695	-	26 619 695
Government Grants and Subsidies - Operating	22	58 211 245	51 821 630	-	51 821 630
Public Contributions and Donations	23	312 111	2 126 021	-	2 126 021
Other Revenue		5 816 838	5 184 384	-	5 184 384
Fines		1 172 132	3 114 970	-	3 114 970
Licences and Permits		28 744	5 351	-	5 351
Actuarial Gains	14	4 005 052	1 889 286	-	1 889 286
Contributed PPE	24	610 910	174 777	-	174 777
Revenue from Exchange Transactions		88 210 817	81 198 220	2 565	81 195 655
Service Charges	25	84 857 800	78 169 450	2 565	78 166 885
Rental of Facilities and Equipment		296 524	348 582	-	348 582
Interest Earned - external investments		594 473	322 755	-	322 755
Interest Earned - outstanding debtors		1 182 602	784 379	-	784 379
Agency Services		280 921	441 439	-	441 439
Other Income	26	998 497	1 131 615	-	1 131 615
Total Revenue		218 252 851	179 228 263	(374 205)	179 602 468
EXPENDITURE					
Employee related costs	27	59 838 516	60 884 053	-	60 884 053
Remuneration of Councillors	28	5 262 819	5 034 767	-	5 034 767
Bad Debt Written off	29	14 796 668	12 002 390	-	12 002 390
Depreciation and Amortisation	34	12 158 931	11 324 442	(722)	11 325 164
Repairs and Maintenance		4 001 156	1 921 053	-	1 921 053
Finance Charges	32	19 618 055	21 506 040	-	21 506 040
Bulk Purchases	33	45 908 164	40 911 455	-	40 911 455
Stock Adjustments	33	137 993	67 524	-	67 524
General Expenses	35	19 124 933	21 309 345	(306 149)	21 615 494
Total Expenditure		180 847 233	174 961 070	(306 871)	175 267 941
Operating Surplus/(Deficit) for the Year		37 405 617	4 267 193	-67 334	4 334 526
(Debt Impairment) / Reversal of Debt Impairment on Receivables	30	(18 526 563)	(14 298 168)	-	(14 298 168)
Gains/(Loss) on Sale of Property, Plant and Equipment	2	(402 263)	(283 104)	-	(283 104)
Gains/(Loss) on disposal of Intangible Assets	3	-	(289)	-	-289
Gains/(Loss) on disposal of Biological assets	4	-	(117 112)	-	-117 112
Reversal of Impairment Loss/(Impairment Loss) on Property, Plant and Equipment	31	(21 943)	-	-	-
Change in fair value of biological assets	4	33 689	(30 037)	-	-30 037
NET SURPLUS/(DEFICIT) FOR THE YEAR		18 488 537	(10 461 517)	(67 334)	(10 394 184)

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Accumulated Surplus/ (Deficit)	Total
		R	R
Balance at 1 July 2018		218 678 386	218 678 386
Correction of error	36.06	-320 707	-320 707
Restated Balance at 1 July 2018		218 357 680	218 357 680
Net Surplus for the year		-10 394 184	-10 394 184
Correction of error	36.07	-67 334	-67 334
Restated Balance at 1 July 2019		207 896 168	207 896 168
Net (Deficit) for the year		18 488 537	18 488 537
Balance at 30 June 2020		226 384 699	226 384 699

SIYANCUMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 R	2019 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates, penalties & collection charges		32 939 516	12 278 313
Service charges		44 086 112	55 353 098
Other revenue		3 088 928	7 167 978
Government - operating		58 361 885	51 952 815
Government - capital		36 542 355	14 945 809
Interest		1 777 075	1 107 134
Payments			
Suppliers and employees		(127 483 587)	(89 247 948)
Finance charges		(19 618 055)	(21 506 040)
Transfers and Grants		-	-
Net Cash from Operating Activities	37	29 694 229	32 051 158
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	2	(29 695 879)	(24 114 963)
Proceeds on Disposal of Fixed Assets		1 330	9 177
Purchase of Intangible Assets	3	-	(91 450)
Proceeds on Disposal of Bioloical Assets	4	-	234 225
Net Cash from Investing Activities		-29 694 549	(23 963 011)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised		-	-
Loans (repaid)		(2 854 944)	(2 674 827)
(Increase)/Decrease in Long-term Receivables		-	-
Increase/(Decrease) in Non-Current Provisions		-	-
Increase/(Decrease) in Consumer Deposits		(670)	3 139
Rounding		(8)	7
Net Cash from Financing Activities		(2 855 621)	-2 671 681
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 855 941)	5 416 465
Cash and Cash Equivalents at the beginning of the year		6 630 211	1 213 746
Cash and Cash Equivalents at the end of the year	38	3 774 270	6 630 211
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 855 941)	5 416 465

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	1 389 840	139 589	1 250 251	Debt collection percentage increased due to smartmeter installation and received extra grant funding.
				Debt collection percentage increased due to smartmeter installation and received extra grant funding. - as a result extra interest was earned which resulted in a positive call investment deposit
Call investment deposits	2 384 430	248 707	2 135 723	
Consumer debtors	42 306 244	43 622 858	(1 316 614)	No payment culture of consumers
Other Receivables	12 669 374	17 617 344	(4 947 970)	The allowance for doubtful debts is higher than anticipated.
Inventory	2 576	1 969	607	The stores burned down and inventory stores dismantled, only water inventory
Total current assets	<u>58 752 464</u>	<u>61 630 468</u>	<u>(2 878 004)</u>	
Non current assets				
Long-term receivables	42 973	-	42 973	
Investment property	-	-	-	
Property, plant and equipment	430 904 623	450 301 417	(19 396 794)	Due to underspending on planned projects not all capitalise arised as expected.
				Changes to due changes in fair value adjustment which was affected by the drought situation within the province
Biological Assets	136 303	289 631	(153 328)	
Intangible Assets	187 015	114 502	72 514	Due to cost containment measure capital spending was reduced during the year.
Total non current assets	<u>431 270 913</u>	<u>450 705 550</u>	<u>(19 434 636)</u>	
TOTAL ASSETS	<u>490 023 377</u>	<u>512 336 018</u>	<u>(22 312 641)</u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	2 220 711	3 682 513	(1 461 803)	Debt collection percentage increased due to smartmeter installation and received extra grant funding.
Consumer deposits	182 640	190 171	(7 531)	New contract with GCT, more favourable terms
Trade and other payables	72 259 902	19 954 557	52 305 346	
Provisions and Employee Benefits	30 304 077	17 595 452	12 708 625	With envisaged payments of creditors outstanding liabilities should have been less
Total current liabilities	<u>104 967 330</u>	<u>41 422 692</u>	<u>63 544 638</u>	
Non current liabilities				
Borrowing	141 567 348	151 857 489	(10 290 140)	More smart meters installed
Provisions and Employee Benefits	17 104 000	37 953 009	(20 849 009)	Due to actuarial calculation which is only performed at year end differences, this results in movement per year
Total non current liabilities	<u>158 671 348</u>	<u>189 810 498</u>	<u>(31 139 150)</u>	
TOTAL LIABILITIES	<u>263 638 678</u>	<u>231 233 190</u>	<u>32 405 488</u>	
NET ASSETS	<u>226 384 699</u>	<u>281 102 828</u>	<u>(54 718 129)</u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	226 384 699	281 102 828	(54 718 129)	
TOTAL COMMUNITY WEALTH/EQUITY	<u>226 384 699</u>	<u>281 102 828</u>	<u>(54 718 129)</u>	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020
ADJUSTMENTS TO APPROVED BUDGET

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	-	139 589	139 589	Adjustment budget figures changed based on actual figures
Call investment deposits	248 707	-	248 707	
Consumer debtors	26 376 875	17 245 983	43 622 858	Adjustment budget figures changed based on actual figures
Other Receivables	22 270 067	(4 652 723)	17 617 344	Adjustment budget figures changed based on actual figures
Inventory	1 969	-	1 969	
Total current assets	48 897 619	12 732 850	61 630 468	
Non current assets				
Investment property	-	-	-	Adjustment budget figures changed based on actual figures
Property, plant and equipment	447 878 997	250 000	448 128 997	
Biological Assets	289 631	-	289 631	
Intangible Assets	114 502	-	114 502	
Other non-current assets	2 172 420	-	2 172 420	
Total non current assets	450 455 550	250 000	450 705 550	
TOTAL ASSETS	499 353 169	12 982 850	512 336 018	
LIABILITIES				
Current liabilities				
Bank overdraft	31 399 301	(31 399 301)	-	Adjustment budget figures changed based on actual figures
Borrowing	3 682 513	-	3 682 513	
Consumer deposits	190 171	-	190 171	
Trade and other payables	180 807 675	(160 853 119)	19 954 557	Eskom moved from current liability to non current liability
Provisions and Employee Benefits	17 595 452	-	17 595 452	
Total current liabilities	233 675 112	(192 252 420)	41 422 692	
Non current liabilities				
Borrowing	10 357 489	141 500 000	151 857 489	Eskom moved from current liability to non current liability
Provisions and Employee Benefits	37 953 009	-	37 953 009	
Total non current liabilities	48 310 498	141 500 000	189 810 498	
TOTAL LIABILITIES	281 985 610	(50 752 420)	231 233 190	
NET ASSETS	217 367 559	63 735 269	281 102 828	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	217 367 559	63 735 269	281 102 828	Adjustment budget figures changed based on actual figures
TOTAL COMMUNITY WEALTH/EQUITY	217 367 559	63 735 269	281 102 828	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	32 939 516	32 700 000	239 516	
Service charges	84 857 800	85 414 000	(556 200)	Installation of pre paid meters ensured accurate readings
Rental of facilities and equipment	296 524	370 844	(74 320)	Enisaged more incme from Holiday reosrt and commonage leases
Interest earned - external investments	594 473	300 000	294 473	Slow spending on conditional grants results in money being invested
Interest earned - outstanding debtors	1 182 602	1 300 000	(117 398)	Interest was stopped where agreements are in place
Fines	1 172 132	3 830 127	(2 657 995)	Potential income from fines did not realise - COVID 19
Licences and permits	28 744	172 535	(143 791)	Decline in traffic licence income
Agency services	280 921	490 000	(209 079)	Decline in vehicle registration income
Government Grants and Subsidies - Operating	58 523 356	57 702 000	821 356	Public contributions and LG SETA funding received through the year
Other revenue	5 648 148	2 512 743	3 135 405	Actuarial gains, contributed PPE and change in fair value of biological assets included
Gains on disposal of PPE	-	-	-	Not budgeted for gain on disposal
Total Operating Revenue	185 524 216	184 792 249	731 967	
EXPENDITURE BY TYPE				
Employee related costs	59 838 516	69 160 829	(9 322 314)	Decline in Acting- , standby allowance and overtime. Provision for a permanent MM. Actual leave provision reduced significantly
Remuneration of councillors	5 262 819	5 437 803	(174 985)	
Debt impairment	33 323 231	(9 240 924)	42 564 155	Debt impairment provision reduced due to higher collection rate envisaged
Depreciation & asset impairment	12 158 931	11 018 436	1 140 496	Under budgeted for depreciation
Finance charges	19 618 055	6 658 599	12 959 457	Interest on Eskom account not budgeted for
Bulk purchases	46 046 157	55 500 000	(9 453 843)	Envisaged a bigger Eskom expense
Other materials	-	7 670 270	(7 670 270)	Difference due budgeting in mSCOA budget classifications however reporting on GRAP
Contracted services	-	15 936 500	(15 936 500)	Difference due budgeting in mSCOA budget classifications however reporting on GRAP
Grants and subsidies paid	-	-	-	
Other expenditure	23 126 088	11 255 255	11 870 833	Difference due budgeting in mSCOA budget classifications however reporting on GRAP
Loss on disposal of PPE	402 263	8 858	393 405	Do not budget for loss on disposal, loss budgeted for relates to biological assets
Total Operating Expenditure	199 776 060	173 405 626	26 370 434	
Operating Surplus/(Deficit) for the year	(14 251 844)	11 386 622	(25 638 467)	
Government Grants and Subsidies - Capital	32 762 324	33 532 000	(769 676)	
Net Surplus for the year	18 510 480	44 918 622	(26 408 142)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
ADJUSTMENTS TO APPROVED BUDGET

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	31 967 343	732 657	32 700 000	Adjustment budget figures changed based on actual figures
Property rates - penalties & collection charges	-	-	-	
Service charges	80 164 792	5 249 208	85 414 000	Adjustment budget figures changed based on actual figures
Rental of facilities and equipment	258 424	112 420	370 844	Adjustment budget figures changed based on actual figures
Interest earned - external investments	300 000	-	300 000	
Interest earned - outstanding debtors	1 100 000	200 000	1 300 000	Adjustment budget figures changed based on actual figures
Dividends received	-	-	-	
Fines	3 830 127	-	3 830 127	
Licences and permits	127 634	44 901	172 535	Adjustment budget figures changed based on actual figures
Agency services	490 000	-	490 000	
Government Grants and Subsidies - Operating	54 666 000	3 036 000	57 702 000	Adjustment budget figures changed based on actual figures
Other revenue	1 201 180	1 311 563	2 512 743	Adjustment budget figures changed based on actual figures
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	174 105 499	10 686 749	184 792 249	
EXPENDITURE BY TYPE				
Employee related costs	69 046 068	114 761	69 160 829	Adjustment budget figures changed based on actual figures
Remuneration of councillors	5 437 803	-	5 437 803	
Debt impairment	7 573 841	(16 814 765)	(9 240 924)	Adjustment budget figures changed based on actual figures
Depreciation & asset impairment	11 018 436	-	11 018 436	
Finance charges	6 658 599	-	6 658 599	
P Bulk purchases	62 319 866	(6 819 866)	55 500 000	Adjustment budget figures changed based on actual figures
Other materials	5 203 270	2 467 000	7 670 270	Adjustment budget figures changed based on actual figures
Contracted services	17 635 178	(1 698 678)	15 936 500	Adjustment budget figures changed based on actual figures
Grants and subsidies paid	-	-	-	
Other expenditure	11 552 226	(296 971)	11 255 255	Adjustment budget figures changed based on actual figures
Loss on disposal of PPE	8 858	-	8 858	
Total Operating Expenditure	196 454 146	-23 048 519	173 405 626	
Operating Surplus/(Deficit) for the year	(22 348 646)	33 735 269	11 386 622	
Government Grants and Subsidies - Capital	33 532 000	-	33 532 000	
Net Surplus for the year	11 183 354	33 735 269	44 918 622	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2020 R (Actual)	2020 R (Final Budget)	2020 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	32 939 516	23 544 000	9 395 516	Budget excludes income foregone and free basic service component
Service charges	44 086 112	67 079 720	(22 993 608)	Economic decline, consumers has a culture of non payment
Other revenue	3 088 928	5 461 185	(2 372 257)	COVID 19, resulted in additional revenue not originally expected.
Government - operating	58 361 885	57 702 000	659 885	Additional amount from Energy efficiency and COVID funds
Government - capital	36 542 355	33 532 000	3 010 355	Relates to INEP and capital portion of COVID funds
Interest	1 777 075	560 000	1 217 075	Interest charged on all services
Dividends	-	-	-	
Payments				
Suppliers and Employees	(127 483 587)	(152 245 743)	24 762 156	Envisaged larger payment of creditors
Finance charges	(19 618 055)	(6 658 599)	(12 959 457)	Eskom Finance charges not budgeted for
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	29 694 229	28 974 564	719 666	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	1 330	-	1 330	
Decrease/(increase) in non-current receivables	-	2 827 580	(2 827 580)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(29 695 879)	(43 991 716)	14 295 837	Rollover amount on MIG - capital not spent
NET CASH FROM/(USED) INVESTING ACTIVITIES	-29 694 549	(41 164 136)	11 469 587	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	(670)	(9 829)	9 159	Due to increase in smartmeters installation deposits reduced as consumers were moved to pre-paid services
Payments				
Repayment of borrowing	(2 854 944)	(4 303 801)	1 448 857	Due to increase in smartmeters installation borrowing increased
NET CASH FROM/(USED) FINANCING ACTIVITIES	-2 855 614	(4 313 630)	1 458 016	
NET INCREASE/(DECREASE) IN CASH HELD	-2 855 933	(16 503 202)	13 647 269	Debt collection percentage increased due to smartmeter installation and received extra grant funding.
Cash and Cash Equivalents at the beginning of the year	6 630 211	16 891 499	(10 261 288)	
Cash and Cash Equivalents at the end of the year	(3 774 270)	388 297	(4 162 567)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

ADJUSTMENTS TO APPROVED BUDGET

	2020 R (Approved Budget)	2020 R (Adjustments)	2020 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	23 016 487		23 544 000	
Service charges	64 296 438		67 079 720	
Other revenue	3 992 301	1 468 884	5 461 185	Adjustment budget figures changed based on actual figures
Government - operating	54 666 000	3 036 000	57 702 000	Additional INEP and COVID grant
Government - capital	33 532 000	-	33 532 000	
Interest	520 000	40 000	560 000	Adjustment budget figures changed based on actual figures
Dividends	-	-	-	
Payments				
Suppliers and Employees	(145 512 419)	(6 733 324)	(152 245 743)	Adjustment budget figures changed based on actual figures
Finance charges	(7 573 841)	915 243	(6 658 599)	Adjustment budget figures changed based on actual figures
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>26 936 966</u>	<u>-1 273 197</u>	<u>28 974 564</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
P Decrease/(increase) in non-current receivables	2 827 580	-	2 827 580	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(43 741 716)	(250 000)	(43 991 716)	Adjustment budget figures changed based on actual figures
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(40 914 136)</u>	<u>(250 000)</u>	<u>(41 164 136)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	(9 829)	-	(9 829)	
Payments				
Repayment of borrowing	(4 303 801)	-	(4 303 801)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>(4 313 630)</u>	<u>-</u>	<u>(4 313 630)</u>	
NET INCREASE/(DECREASE) IN CASH HELD	(18 290 800)	(1 523 197)	(16 503 202)	
Cash and Cash Equivalents at the beginning of the year	(13 108 501)	30 000 000	16 891 499	Adjustment budget figures changed based on actual figures
Cash and Cash Equivalents at the end of the year	(31 399 301)	31 787 598	388 297	Adjustment budget figures changed based on actual figures
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 34 (Revised – April 2020)	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2020
GRAP 35 (Revised – April 2020)	<p><u>Consolidated Financial Statements</u></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2020
GRAP 36 (Revised – April 2020)	<p><u>Investments in Associates and Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2020
GRAP 37 (Revised – April 2020)	<p><u>Joint Arrangements</u></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p>	1 April 2020

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	
GRAP 38 (Revised - April 2020)	<p><u>Disclosure of Interest in Other Entities</u></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2020
GRAP 104 (Revised – April 2020)	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 110 (Revised – April 2020)	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2020
IGRAP 20	<p><u>Accounting for Adjustments on Revenue</u></p> <p>The Interpretation clarifies the accounting for adjustments to:</p> <p>a) exchange and non-exchange revenue charged in terms of legislation or similar means; and</p> <p>b) interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal, or objection process.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.</p>	1 April 2020

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. LEASES

1.9.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

-
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.14. EMPLOYEE BENEFITS

1.14.1 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 *Long Service Awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 *Provision for Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.6 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.14.7 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located (including capitalised restoration cost).

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset (including capitalised restoration cost).

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Road network	1-77	Air Conditioners	2-13
Stormwater network	12-77	Chairs	1-13
Electricity network	1-51	Electronic equipment	2-8
Water network	1-98	Motor Vehicles	6
Sanitation network	1-99	Furniture and fittings	2-25
		Office Equipment	1-5
<u>Buildings</u>		Trailers	2-4
Buildings	44-95	Tables and Desks	2-16
		Tractors	1-3

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

<u>Community</u>		Trucks	1-9
Recreational Facilities	89	Works Equipment	2-13
Halls	44-89	Computer Hardware	1-5
Libraries	22-89		
<u>Leased Assets</u>		<u>Capitalised Costs</u>	<u>Restoration</u>
Office equipment	1.25 – 9	Land-fill sites	0 – 1
Water network	8-10		
Electricity network	8-10		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	1-4

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18 HERITAGE ASSETS

1.18.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.18.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.18.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.18.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.19 BIOLOGICAL ASSETS

1.19.1 Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.19.2 Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry at hunting prices. Game is considered to be consumable/bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

-
- Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach,

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.2.4 Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3 De-recognition of Financial Instruments

1.22.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.23.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3. Derecognition

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - i. derecognise the receivable; and
 - ii. recognise separately any rights and obligations created or retained in the transfer.

1.23.4. Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

1.24. REVENUE

1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.25. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.26. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.30.1 Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.30.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.30.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.30.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.30.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

1.30.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.30.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.30.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.30.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.30.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.30.11 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.30.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.31. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.32. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance R	Additions R	Work-in- progress	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Transfers	Closing Balance R	R
30 June 2020													
Land and Buildings	21 459 728	5 740	-	-	-	21 465 468	414 262	34 262	-	-	-	448 524	21 016 944
Land	18 066 624	-	-	-	-	18 066 624	-	-	-	-	-	-	18 066 624
Buildings	3 393 104	5 740	-	-	-	3 398 844	414 262	34 262	-	-	-	448 524	2 950 319
Infrastructure	449 601 076	29 489 489	-	-527 218	-	478 563 348	106 935 130	6 589 289	21 898	-127 552	-	113 418 765	365 144 583
Road Network	96 624 114	-	-	-	-	96 624 114	38 019 215	1 101 945	-	-	-	39 121 160	57 502 953
Sanitation Network	95 575 943	285 076	-	-501 009	-	95 360 010	23 834 469	1 439 501	-	-110 499	-	25 163 471	70 196 539
Electricity Network	78 953 298	24 349	234 491	-	-	79 212 138	16 280 470	1 853 184	-	-	-	18 133 655	61 078 483
Water Network	145 627 007	28 002	-	-26 209	-	145 628 800	28 170 279	2 151 663	21 898	-17 052	-	30 326 787	115 302 012
Stormwater Network	2 571 535	-	-	-	-	2 571 535	630 696	42 995	-	-	-	673 691	1 897 844
Work-in-Progress	30 249 180	29 152 062	-234 491	-	-	59 166 751	-	-	-	-	-	-	59 166 751
Community Assets	33 684 517	-	-	-	-	33 684 517	484 936	32 874	-	-	-	517 810	33 166 707
Library	466 394	-	-	-	-	466 394	52 555	5 097	-	-	-	57 652	408 742
Cemetery	176 000	-	-	-	-	176 000	-	-	-	-	-	-	176 000
Commonage	21 101 000	-	-	-	-	21 101 000	-	-	-	-	-	-	21 101 000
Community Halls	1 264 123	-	-	-	-	1 264 123	143 078	12 524	-	-	-	155 602	1 108 521
Game Farm	8 171 000	-	-	-	-	8 171 000	-	-	-	-	-	-	8 171 000
Holiday Resort	1 195 000	-	-	-	-	1 195 000	127 574	8 061	-	-	-	135 635	1 059 365
Sport Facilities	1 311 000	-	-	-	-	1 311 000	161 729	7 192	-	-	-	168 921	1 142 079
Lease Assets	14 291 453	12 453	-	-	-3 505 654	10 798 252	5 770 983	1 443 784	-	-	-3 251 509	3 963 259	6 834 993
Office Equipment	6 061 872	-	-	-	-3 505 654	2 556 218	4 736 138	619 880	-	-	-3 251 509	2 104 509	451 709
Electricity Network	1 649 421	12 453	-	-	-	1 661 874	132 208	165 720	-	-	-	297 929	1 363 946
Water Network	6 580 160	-	-	-	-	6 580 160	902 637	658 184	-	-	-	1 560 821	5 019 339
Other Assets	9 000 123	811 559	-	-15 302	3 505 654	13 302 034	6 104 721	698 180	45	-11 375	3 251 509	10 043 080	3 258 955
Air Conditioner	437 207	-	-	-	-	437 207	325 633	26 436	-	-	-	352 069	85 138
Chairs	289 051	-	-	-	-	289 051	216 866	16 439	5	-	-	233 310	55 741
Electronic Equipment	736 084	159 819	-	-7 420	-	888 483	513 912	87 948	-	-4 542	-	597 318	291 165
Motor Vehicles	131 491	-	-	-	-	131 491	44 425	8 344	-	-	-	52 769	78 722
Furniture & Fittings	592 094	-	-	-	-	592 094	439 532	33 509	-	-	-	473 041	119 052
Office Equipment	6 298	1 261	-	-	3 505 654	3 513 213	6 058	341	-	-	3 251 509	3 257 907	255 305
Trailers	89 746	-	-	-	-	89 746	75 972	2 878	-	-	-	78 850	10 896
Tables and desks	183 936	-	-	-	-	183 936	133 966	8 529	39	-	-	142 534	41 402
Tractors	200 000	-	-	-	-	200 000	163 174	13 413	-	-	-	176 587	23 413
Trucks	4 356 132	-	-	-	-	4 356 132	2 668 065	345 420	-	-	-	3 013 486	1 342 646
Works Equipment	594 595	613 577	-	-	-	1 208 172	387 219	37 770	-	-	-	424 989	783 183
Computer hardware	1 383 489	36 903	-	-7 882	-	1 412 510	1 129 899	117 152	-	-6 833	-	1 240 218	172 292
	528 036 897	30 319 242	-	-542 520	-	557 813 619	119 710 032	8 798 389	21 943	-138 927	-	128 391 438	429 422 182

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

Reconciliation of Carrying Value		Cost					Accumulated Depreciation					Carrying Value		
		Opening Balance R	Additions R	Work-in- progress	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Transfers	Closing Balance R	R
30 June 2019														
Land and Buildings		21 471 728	-	-	-		21 459 728	380 018	34 245	-	-		414 262	21 045 466
Land		18 078 624	-	-	-		18 066 624	-	-	-	-		-	18 066 624
Balance previously reported		18 319 624	-	-	-		18 319 624	-	-	-	-		-	18 319 624
Correction of error - Note	36.04	-253 000	-	-	-		-253 000	-	-	-	-		-	-253 000
Buildings		3 393 104	-	-	-		3 393 104	380 018	34 245	-	-		414 262	2 978 841
Balance previously reported		3 466 104	-	-	-		3 466 104	388 006	34 967	-	-		422 973	3 043 131
Correction of error - Note	36.04	-73 000	-	-	-		-73 000	-7 988	-722	-	-		-8 710	-64 290
Infrastructure		425 973 451	24 044 853	-	-417 227		449 601 076	92 651 251	7 190 586	-	-128 905		106 935 130	342 665 947
Road Network		96 624 114	-	-	-		96 624 114	36 248 962	1 770 253	-	-		38 019 215	58 604 899
Sanitation Network		95 575 943	-	-	-		95 575 943	22 385 699	1 448 771	-	-		23 834 469	71 741 473
Electricity Network		74 274 734	245 837	4 791 955	-359 228		78 953 298	14 636 861	1 763 008	-	-119 399		16 280 470	62 672 828
Water Network		145 639 587	45 420	-	-57 999		145 627 007	26 014 226	2 165 559	-	-9 506		28 170 279	117 456 728
Stormwater Network		2 571 535	-	-	-		2 571 535	587 701	42 995	-	-		630 696	1 940 839
Work-in-Progress		11 287 538	23 753 596	-4 791 955	-		30 249 180	-	-	-	-		-	30 249 180
Community Assets		33 684 517	-	-	-		33 684 517	452 062	32 874	-	-		484 936	33 199 581
Libraries		466 394	-	-	-		466 394	47 457	5 097	-	-		52 555	413 839
Cemetery		176 000	-	-	-		176 000	-	-	-	-		-	176 000
Commonage		21 101 000	-	-	-		21 101 000	-	-	-	-		-	21 101 000
Community Halls		1 264 123	-	-	-		1 264 123	130 554	12 524	-	-		143 078	1 121 045
Game Farm		8 171 000	-	-	-		8 171 000	-	-	-	-		-	8 171 000
Holiday Resort		1 195 000	-	-	-		1 195 000	119 513	8 061	-	-		127 574	1 067 426
Sport Facilities		1 311 000	-	-	-		1 311 000	154 537	7 192	-	-		161 729	1 149 271
Lease Assets		12 501 344	1 790 109	-	-		14 291 453	3 800 807	1 970 176	-	-		5 770 983	8 520 470
Office Equipment		6 061 872	-	-	-		6 061 872	3 542 468	1 193 671	-	-		4 736 138	1 325 734
Electricity Network		131 656	1 517 766	-	-		1 649 421	10 713	121 495	-	-		132 208	1 517 213
Water Network		6 307 817	272 343	-	-		6 580 160	247 627	655 010	-	-		902 637	5 677 523
Other Assets		8 767 171	244 887	-	-11 935		9 000 123	5 608 203	504 783	-	-8 266		6 104 721	2 895 402
Air Conditioner		437 207	-	-	-		437 207	298 636	26 997	-	-		325 633	111 574
Chairs		289 051	-	-	-		289 051	199 070	17 795	-	-		216 866	72 185
Electronic Equipment		696 538	40 390	-	-844		736 084	442 970	71 037	-	-95		513 912	222 172
Motor vehicles		131 491	-	-	-		131 491	36 080	8 344	-	-		44 425	87 067
Furniture & Fittings		592 094	-	-	-		592 094	404 978	34 554	-	-		439 532	152 562
Office Equipment		6 298	-	-	-		6 298	5 935	123	-	-		6 058	240
Trailer		89 746	-	-	-		89 746	73 038	2 935	-	-		75 972	13 773
Tables and desks		183 936	-	-	-		183 936	125 422	8 544	-	-		133 966	49 970
Tractors		200 000	-	-	-		200 000	155 218	7 956	-	-		163 174	36 826
Trucks		4 356 132	-	-	-		4 356 132	2 476 567	191 498	-	-		2 668 065	1 688 066
Works Equipment		418 253	176 342	-	-		594 595	367 597	19 622	-	-		387 219	207 377
Computer hardware		1 366 425	28 154	-	-11 090		1 383 489	1 022 693	115 377	-	-8 171		1 129 899	253 590
		502 398 211	26 079 848	-	-429 162		528 036 897	102 892 341	9 732 665	-	-137 171		119 710 032	408 326 865

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2020 R	2019 R
	Work-in-progress		
	Work-in-progress is compiled from the following on-going capital projects:		
	Upgrading of Douglas Water Treatment Works	3 665 109	3 665 109
	Bongani Bulk Supply - Upgrade	14 579 591	5 950 026
	Siyancuma Bulk Water Augmentation, Incl. Water Conservation & Water Demand Management (Non-Revenue Water Minimisation)	1 799 125	1 799 125
	KFC Transformer Upgrade	-	164 143
	Upgrading of Breipaal Pump Station	6 520 233	6 520 233
	Upgrading Gravel Roads Campbell	12 150 542	12 150 542
	Upgrading of Breipaal Pumpstation and outfall sewer phase 2	6 690 204	-
	Siyancuma High Mast Lights	10 036 307	-
	Campbell oxidation pond	1 116 943	-
	Breipaal 100 stand	2 608 696	-
		59 166 751	30 249 180
		2019 R	2018 R
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	30 249 180	11 287 538
	Expenditure during the year	29 152 062	23 753 596
	Assets unbundled during the year	(234 491)	(4 791 955)
	Balance at end of year	59 166 751	30 249 180
	Project: Upgrading of Douglas Water Treatment Works was due for completion on 30 June 2018 however the project is far from completion thus delayed.		
	All the other projects listed are not considered to be long outstanding or stopped.		
	Expenditure incurred to repair and maintain Property, Plant and Equipment:		
	Employee related costs	-	11
	Other materials	716 919	721 672
	Contracted Services	3 008 696	1 071 893
	Other Expenditure	275 541	127 477
		4 001 156	1 921 053
	Impairment of property plant and equipment		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Infrastructure	21 898	-
	Community Assets	-	-
	Other	45	-
		21 943	-
	Land is not controlled, but Example Municipality is the legal owner/custodian		
	No of Low Cost Houses	1 721	1 721
	Total	1 721	1 721
	<u>Key judgements and assumptions applied</u>		
	- No right to direct access to land, and to restrict/deny the access of others		
	- Title deed holder		
	- Binding arrangement		
	- etc		
	Effect of changes in accounting estimates		
	The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment and further change to residual values.		
		2020 R	2019 R
		(1 140 657)	(60 948)
		2018 R	2017 R
			(531 573)

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3	INTANGIBLE ASSETS	2020 R	2019 R
	Computer System & Software		
	Net Carrying amount at 1 July	271 609	273 017
	Cost	1 184 430	1 095 380
	Accumulated Amortisation	(912 822)	(822 362)
	Acquisitions	-	91 450
	Disposals	-	(2 399)
	Impairments	-	-
	Amortisation	(84 594)	(92 569)
	Disposals	-	2 110
	Net Carrying amount at 30 June	187 015	271 609
	Cost	1 184 430	1 184 430
	Accumulated Amortisation	(997 415)	(912 822)

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>	
		2020 R	2019 R
SEBATA - Accounting System	1	6 079	12 159
Microsoft Office	1 - 3	22 937	42 597
Cemetery Module	1	2 486	6 266
Implementation of Sebata	1 - 4	73 383	94 433
MPLS	1	11 203	22 500
Business Plan Pro Premier	1	347	632
Developed Website	3	12 651	16 793
Mail exchange Server	3	57 928	76 230

No intangible asset were assted having an indefinite useful life.

No residual values allocated to intangible assets, as there is no active market for these software items after use, due to new versions being issued regularly.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment.

2020 R	2019 R	2018 R
(25 970)	(16 641)	(27 891)

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4 BIOLOGICAL ASSETS

	Quantity (Units)	Fair Value R	2020 R	2019 R
Springbuck	149	914.78	136 303	102 614
			<u>136 303</u>	<u>102 614</u>

Fair value of biological assets is based on hunting prices an open active market less costs to sell. Hunting prices were obtained from J & B Visser Boerdery to determine the fair value of game as at year end 30 June 2020

Reconciliation of fair value:

Opening Fair Value	102 614	249 763
Acquisitions	26 958	-
Disposals	-	(117 112)
Fair Value adjustments	6 731	(30 037)
Closing Fair Value	<u>136 303</u>	<u>102 614</u>

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located on a farm near Griekwastad. The primary activities revolving around biological assets are as follows:

- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the hunting of game, resulting in an inflow of resources to the municipality.

Fair value of biological assets is based on selling prices less costs to sell in an open market.

5 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

Cost	19 549 335	18 667 506
Accumulated Depreciation	(15 782 144)	(14 283 134)
Accumulated Impairments	(40 313)	(40 115)
Acquisitions	1 031 511	881 829
Under Construction - Cost	-	-
Disposals	-	-
Depreciation for the year	(3 268 990)	(1 499 010)
(Impairment) / Reversal of Impairment	(6 959)	(198)

Net Carrying amount at 30 June

Cost	20 580 846	19 549 335
Accumulated Depreciation	(19 051 134)	(15 782 144)
Accumulated Impairments	(47 271)	(40 313)

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the landfill sites at year end.

2020 R	2019 R
<u>1 631 080</u>	<u>(156 027)</u>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
6	INVENTORY		
	Water – at Current Replacement Cost	2 576	2 774
	Total Inventory	2 576	2 774
	No inventory assets were pledged as security for liabilities.		
7	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Service Receivables		
	Water	37 783 968	31 910 687
	Electricity	9 006 679	6 578 069
	Refuse	20 374 809	16 473 441
	Sewerage	23 361 577	18 667 014
	Total Service Receivables	90 527 033	73 629 211
	Less: Allowance for Doubtful Debts	-70 162 821	-61 932 463
	Net Service Receivables	20 364 212	11 696 748
	Other Receivables		
	Other Debtors	5 135 450	2 978 498
	Balance previously reported	-	2 975 548
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing 3rd party sales 2018/19)	36.02 -	52
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing 3rd party sales 2018/19)	36.02 -	2 513
	Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing 3rd party sales 2018/19 - Output VAT)	36.02 -	385
	Other Arrears	1 782 452	1 542 937
	Rent Bongani	-1	-1
	Sundry Accounts	1 778 828	1 540 120
	Other	3 625	2 819
	Total Other Receivables	6 917 902	4 521 435
	Less: Allowance for Doubtful Debts	-1 643 343	-109 191
	Net Other Receivables	5 274 559	4 412 244
	Total Net Receivables from Exchange Transactions	25 638 772	16 108 993
	Ageing of Receivables from Exchange Transactions		
	(Electricity): Ageing		
	Current (0 - 30 days)	2 305 426	2 694 660
	31 - 60 Days	678 556	521 016
	61 - 90 Days	580 489	231 421
	+ 90 Days	5 442 209	3 130 972
	Total	9 006 679	6 578 069
	(Water): Ageing		
	Current (0 - 30 days)	2 169 867	2 796 778
	31 - 60 Days	1 140 456	1 186 249
	61 - 90 Days	993 405	1 089 617
	+ 90 Days	33 480 241	26 838 042
	Total	37 783 968	31 910 687
	(Refuse): Ageing		
	Current (0 - 30 days)	759 676	668 083
	31 - 60 Days	616 386	507 969
	61 - 90 Days	594 198	496 440
	+ 90 Days	18 404 549	14 800 948
	Total	20 374 809	16 473 441
	(Sewerage): Ageing		
	Current (0 - 30 days)	895 939	851 067
	31 - 60 Days	720 927	692 445
	61 - 90 Days	689 801	567 521
	+ 90 Days	21 054 910	16 555 981
	Total	23 361 577	18 667 014

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2020 R	2019 R		
	<u>(Other Receivables): Ageing</u>				
	Current (0 - 30 days)	36 467	1 683 924		
	31 - 60 Days	35 748	658		
	61 - 90 Days	35 543	658		
	+ 90 Days	1 674 694	(142 302)		
	Total	1 782 452	1 542 937		
8	TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2020 R	2019 R		
	<u>Service Receivables</u>				
	Taxes - Rates	31 720 689	13 728 051		
	Balance previously reported	-	14 107 516		
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)	36.03 -	-310 533		
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)	36.03 -	-6 732		
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of Rebates during 2018/19)	36.03 -	-59 505		
	Correction of Accumulated Surplus - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 2018/19)	36.03 -	-2 695		
	Fines	12 270 005	11 211 504		
	Total Service Receivables	43 990 694	24 939 555		
	Less: Allowance for Doubtful Debts	-31 321 320	-21 285 638		
	Net Service Receivables	12 669 374	3 653 917		
	Total Net Receivables from Non-Exchange Transactions	12 669 374	3 653 917		
	<u>Ageing of Receivables from Non-Exchange Transactions</u>				
	<u>(Rates): Ageing</u>				
	Current (0 - 30 days)	2 153 294	847 323		
	31 - 60 Days	475 186	193 967		
	61 - 90 Days	428 702	165 167		
	+ 90 Days	28 663 507	12 521 593		
	Total	31 720 689	13 728 051		
9	TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS				
	<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
	2020				
	Total Receivables	114 266 284	12 216 839	14 952 507	141 435 630
	Less: Provision for doubtful debts	-91 692 910	-11 434 574	-	-103 127 484
	Total Recoverable debtors by customer classification	22 573 374	782 265	14 952 507	38 308 146
	<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
	2019				
	Total Receivables	101 182 599	691 587	1 216 016	103 090 201
	Less: Provision for doubtful debts	-83 219 642	-107 650	-	-83 327 292
	Total Recoverable debtors by customer classification	17 962 957	583 937	1 216 016	19 762 909

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS (CONTINUE)

Trade and other receivables impairment

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2020			
Total	<u>(71 806 164)</u>	<u>(31 321 320)</u>	<u>(103 127 484)</u>
2019			
Total	<u>(62 041 654)</u>	<u>(21 285 638)</u>	<u>(83 327 292)</u>

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

	2020 R	2019 R
Balance at beginning of the year	83 327 292	67 469 520
Contributions to provision	32 428 170	23 682 162
VAT Impairment	3 406 193	3 332 788
Doubtful debts written off against provision	(16 929 229)	(13 719 583)
Fines	895 059	2 562 404
Balance at end of year	<u>103 127 485</u>	<u>83 327 292</u>

10 OPERATING LEASE ARRANGEMENTS

10.1 The Municipality as Lessor

	2020 R	2019 R
Balance on 1 July	90 973	118 979
Movement during the year	<u>(48 000)</u>	<u>(28 006)</u>
Balance on 30 June	<u>42 973</u>	<u>90 973</u>

Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 6% per year.

Siyancuma Municipality is leasing commonage land in Griekwastad to Vodacom for periods of 59 months with escalations of 3.7% per year.

Siyancuma Municipality is leasing commonage land to various lessees with escalations of 12% per year till 30 June 2020.

Siyancuma Municipality is leasing commonage land in Breipaal to Vodacom for periods of 59 months with escalations of 3.7% per year.

Siyancuma Municipality is leasing signage space to Prime Media for periods of 36 months with escalations of 6% per year.

	2020 R	2019 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	111 080	205 831
2 to 5 Years	291 582	341 616
More than 5 Years	81 395	142 441
Total Operating Lease Arrangements	<u>484 057</u>	<u>689 888</u>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until October 2026.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11	VAT PAYABLE FROM EXCHANGE-TRANSACTIONS	2020 R	2019 R
	VAT Payable	29 629	346
	VAT Output in Suspense	10 307 960	9 088 212
	Total VAT Payable	10 337 589	9 088 558
	Balance previously reported	-	9 088 173
	Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing 3rd party sales 2018/19 - Output VAT)	36.01 -	385
	VAT Receivable	297 958	395 378
	VAT Input in Suspense	(17 936 998)	(15 632 560)
		(17 639 040)	(15 237 182)
	Balance previously reported	-	(15 343 943)
	Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Training (Correction of VAT recognised incorrectly)	36.01 -	20 295
	Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Membership fees Municipal (Correction of VAT recognised incorrectly)	36.01 -	32 609
	Correction of Vat Payable from exchange transactions - vat input in suspense against Payables from Exchange Transactions - Trade Payables (Correction Payable recorded incorrectly in 2019 - reversal of payable)	36.01 -	53 858
	VAT Impairment contribution	(9 366 021)	(8 092 390)
		(16 667 472)	(14 241 014)

VAT is payable/receivable on the cash basis.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
12	CASH AND CASH EQUIVALENTS		
	Assets		
	Call Investments Deposits	2 384 430	350 297
	Primary Bank Account	1 389 290	6 279 364
	Cash Floats	550	550
	Total Cash and Cash Equivalents - Assets	3 774 270	6 630 211
	The municipality has the following bank accounts:		
	Current Accounts		
	Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):	166 760	3 847 288
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)	32 047	112 868
	Douglas - ABSA Account number: 4087368160 (Primary Bank Account):	1 190 483	2 319 208
		1 389 290	6 279 364
	Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):		
	Cash book balance at beginning of year	3 847 288	148 370
	Cash book balance at end of year	166 760	3 847 288
	Bank statement balance at beginning of year	3 847 288	148 370
	Bank statement balance at end of year	166 760	3 847 288
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)		
	Cash book balance at beginning of year	112 868	65 230
	Cash book balance at end of year	32 047	112 868
	Bank statement balance at beginning of year	112 868	65 230
	Bank statement balance at end of year	32 047	112 868
	Douglas - ABSA Account number: 4087368160 (Primary Bank Account):		
	Cash book balance at beginning of year	2 319 208	750 890
	Cash book balance at end of year	1 190 483	2 319 208
	Bank statement balance at beginning of year	2 319 208	789 223
	Bank statement balance at end of year	1 191 975	2 319 208
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	Bank Account Number		
	Standard Bank 54792271	113 640	105 959
	Standard Bank 54994621	9 000	8 389
	Standard Bank 048857432	2 133 690	111 134
	Standard Bank 048857521	59 195	57 677
	Standard Bank 048860077	68 905	67 138
		2 384 429	350 298

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13

LONG TERM LIABILITIES

Capitalised Lease Liability - At amortised cost

Less: Current Portion transferred to Current Liabilities

Annuity Loans - At amortised cost

Capitalised Lease Liability - At amortised cost

Total Long-term Liabilities - At amortised cost using the effective interest rate method

2020 R	2019 R
6 712 587	9 555 078
6 712 587	9 555 078
2 220 711	2 854 729
-	-
2 220 711	2 854 729
4 491 876	6 700 348

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year

Payable within two to five years

Payable after five years

Less: Future finance obligations

Present value of lease obligations

2020 R	2019 R
	Minimum lease payments
3 549 017	4 792 648
5 639 799	9 160 616
-	-
9 188 816	13 953 265
(2 476 229)	(4 398 187)
6 712 587	9 555 078

Finance lease agreement is calculated at an interest rate of 9%-59%. With a last maturity date of 31 March 2025.

Refer to note 2 for the finance lease assets capitalised.

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

For each class of finance lease liability, the net carrying amount at the reporting date:

Description of leased item	Effective Interest	Lease Term	Maturity Date	2020 R	2019 R
Various (R150100)	9 to 59%	5	31/12/2019	-	788 414
Various (R2200)	48.0%	5	31/01/2020	-	15 067
Various (R18918)	41.0%	5	31/03/2020	-	164 598
PABX (R16700)	19.5%	5	30/09/2020	55 311	251 707
CCTV Cameras (R24000)	25.4%	5	31/01/2021	176 271	424 319
Biometric Access Control (R28500)	23.5%	5	30/06/2021	302 124	541 448
Smartmeters	19 to 57%	5	31/03/2025	6 178 881	7 369 524
				6 712 587	9 555 078

The depreciation and the finance charge relating to the leased asset was included as part of the total depreciation and finance charges respectively. Please refer to note 2 and note 32

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
14	EMPLOYEE BENEFITS		
	Post Retirement Benefits	14.1 14 440 000	16 824 317
	Long Service Awards	14.2 2 664 000	2 516 054
	Total Non-current Employee Benefit Liabilities	17 104 000	19 340 371
	<u>Post Retirement Benefits</u>		
	Balance 1 July	17 506 926	17 865 930
	Contribution for the year	(607 275)	(619 547)
	Expenditure for the year	2 254 507	2 356 572
	Actuarial Loss/(Gain)	(4 011 158)	(2 096 029)
	Total post retirement benefits 30 June	15 143 000	17 506 926
	Less: Transfer of Current Portion	17 (703 000)	(682 609)
	Balance 30 June	14 440 000	16 824 317
	<u>Long Service Awards</u>		
	Balance 1 July	2 892 920	2 817 134
	Contribution for the year	(451 548)	(564 158)
	Expenditure for the year	458 522	433 201
	Actuarial Loss	6 106	206 743
	Total long service 30 June	2 906 000	2 892 920
	Less: Transfer of Current Portion	17 (242 000)	(376 866)
	Balance 30 June	2 664 000	2 516 054
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	20 399 846	20 683 064
	Contribution for the year	(1 058 824)	(1 183 705)
	Expenditure for the year	2 713 029	2 789 773
	Actuarial Loss/(Gain)	(4 005 052)	(1 889 286)
	Total employee benefits 30 June	18 049 000	20 399 846
	Less: Transfer of Current Portion	17 (945 000)	(1 059 475)
	Balance 30 June	17 104 000	19 340 371

14.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2020 Number of members	2019 Number of members
In-service (employee) members	66	67
Continuation members (e.g. Retirees, widows, orphans)	12	13
Total Members	78	80

The liability in respect of past service has been estimated to be as follows:

	R	R
In-service members	7 849 000	9 703 435
Continuation members	7 294 000	7 803 491
Total Liability	15 143 000	17 506 926

	2018 R	2017 R	2016 R
In-service members	9 902 418	11 303 646	10 681 683
Continuation members	7 963 512	6 938 444	6 497 094
Total Liability	17 865 930	18 242 090	17 178 777

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14	EMPLOYEE BENEFITS (CONTINUE)	2020 R	2019 R
	Experience adjustments were calculated as follows:	Rm	Rm
	Liabilities: (Gain) / loss	(0.667)	0.044
	Assets: Gain / (loss)	-	-
	The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2018 Rm	2017 Rm
	Liabilities: (Gain) / loss	(0.898)	1.669
	Assets: Gain / (loss)	-	1.386
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas	Keyhealth	Samwumed
	LA Health	Hosmed	
	The Municipality's Accrued Unfunded Liability at 30 June 2020 is estimated at R17.507 million. The Current-service Cost for the year ending 30 June 2020 is estimated at R647 090. It is estimated to be R514 000 for the ensuing year.		
	Key actuarial assumptions used:	2020 %	2019 %
	i) Rate of interest		
	Discount rate	10.28%	9.36%
	Health Care Cost Inflation Rate	6.36%	6.84%
	Net Effective Discount Rate	3.69%	2.36%
	ii) Mortality rates		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
	iii) Normal retirement age		
	It has been assumed that in-service members will retire at the age of 62, which then implicitly allows for expected rates of early and ill-health retirement.		
	iv) Expected rate of salary increases		
	2019/2020 - CPI + 1,5%		
	2020/2021 - CPI + 1,25%		
	The three-year Salary and Wage Collective Agreement ends on 30 June 2021.		
		2020 R	2019 R
	Present value of fund obligations	15 143 000	17 506 926
	Net liability/(asset)	15 143 000	17 506 926
	The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	17 506 926	17 865 930
	Total expenses	1 647 232	1 737 025
	Current service cost	647 090	670 175
	Interest Cost	1 607 417	1 686 397
	Benefits Paid	(607 275)	(619 547)
	Actuarial (gains)/losses	(4 011 158)	(2 096 029)
	Present value of fund obligation at the end of the year	15 143 000	17 506 926
	Less: Transfer of Current Portion	17 (703 000)	(682 609)
	Balance 30 June	14 440 000	16 824 317

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14	EMPLOYEE BENEFITS (CONTINUE)	2020 R	2019 R
	Sensitivity Analysis on the Accrued Liability		
		In-service members liability (Rm)	Continuation members liability (Rm)
			Total liability (Rm)
	Assumption		% change
	Central Assumptions	7.849	7.294
	Health care inflation	1%	15%
	Health care inflation	-1%	-12%
	Discount Rate	1%	-12%
	Discount Rate	-1%	15%
	Post-retirement mortality	+1 year	-3%
	Post-retirement mortality	-1 year	3%
	Average retirement age	-1 year	5%
	Continuation of membership at retirement	-10%	-6%
		6.878	7.294
			14.172
	Sensitivity Analysis on the Current Service Cost and Interest Costs		
		Current- service Cost (R)	Interest Cost (R)
			Total (R)
	Assumption		% change
	Central Assumption	647 100	1 607 400
	Health care inflation	1%	19%
	Health care inflation	-1%	-15%
	Discount Rate	1%	-8%
	Discount Rate	-1%	9%
	Post-retirement mortality	-1 year	3%
	Average retirement age	-1 year	4%
	Continuation of membership at retirement	-10%	-8%
		569 600	1 496 100
			2 065 700
14.2	Long Service Bonuses		
	The Long Service Bonus plans are defined benefit plans. As at year end, 168 employees were eligible for Long Service Bonuses.		
	The Current-service Cost for the year ending 30 June 2020 is R238 619. The Current-service Cost for the ensuing year has been estimated to be R239 000.		
	Key actuarial assumptions used:	2020 %	2019 %
	i) Rate of interest		
	Discount rate	7.35%	8.12%
	General Salary Inflation (long-term)	3.95%	5.53%
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.27%	2.45%
	Experience adjustments were calculated as follows:	2020 R	2019 R
	Liabilities: (Gain) / loss	68 424	(11 112)
	Assets: Gain / (loss)	-	-

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14	EMPLOYEE BENEFITS (CONTINUE)	2020 R	2019 R
The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2018 R	2017 R	2016 R
Liabilities: (Gain) / loss	252 599	69 123	87 372
Assets: Gain / (loss)	-	-	-
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations		2 906 000	2 892 920
Net liability/(asset)		2 906 000	2 892 920
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2018 R	2017 R	2016 R
Total Liability	2 817 134	2 304 700	2 203 322
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year		2 892 920	2 817 134
Total expenses		6 974	(130 957)
Current service cost		238 619	212 615
Interest Cost		219 903	220 586
Benefits Paid		(451 548)	(564 158)
Actuarial (gains)/losses		6 106	206 743
Present value of fund obligation at the end of the year		2 906 000	2 892 920
Less: Transfer of Current Portion		17 (242 000)	(376 866)
Balance as at 30 June		2 664 000	2 516 054
14	EMPLOYEE BENEFITS (CONTINUE)	2020 R	2019 R
Sensitivity Analysis on the Unfunded Accrued Liability			
Assumption	Change	Liability (Rm)	% change
Central assumptions		2.906	
General salary inflation	1%	3.084	6%
General salary inflation	-1%	2.742	-6%
Discount Rate	1%	2.738	-6%
Discount Rate	-1%	3.094	6%
Average retirement age	-2 yrs.	3.073	6%
Average retirement age	2 yrs	2.339	-20%
Withdrawal rates	x2	2.405	-17%
Withdrawal rates	x0.5	3.240	11%

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14	EMPLOYEE BENEFITS (CONTINUE)	2020 R	2019 R
14.3	Retirement funds		
	<p>The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.</p> <p>Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.</p>		
	<u>CAPE JOINT PENSION FUND</u>		
	<p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in an sound financial position with a funding level of 103.7% (30 June 2018 - 101.7%).</p>		
	Contributions paid recognised in the Statement of Financial Performance	2 848 484	2 565 498
	<u>IMATU PENSION FUND</u>		
	<p>The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future</p>		
	Contributions paid recognised in the Statement of Financial Performance	447 019	454 993
	<u>SALA PENSION FUND</u>		
	<p>The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future</p>		
	Contributions paid recognised in the Statement of Financial Performance	2 432 166	2 325 880
	<u>SAMWU PROVIDENT FUND</u>		
	<p>The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future</p>		
	Contributions paid recognised in the Statement of Financial Performance	745 873	760 768

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

15	NON-CURRENT PROVISIONS	2020 R	2019 R
	Provision for Rehabilitation of Landfill-sites	-	13 132 644
	Total Non-current Provisions	-	13 132 644
	 <u>Landfill Sites</u>		
	Balance 1 July	24 845 795	22 575 423
	Increase in Estimate	1 031 511	881 829
	Unwinding of discounted interest	1 164 274	1 388 543
	Total provision 30 June	27 041 581	24 845 795
	Less: Transfer of Current Portion to Current Provisions	18 (27 041 581)	(11 713 152)
	Balance 30 June	-	13 132 644

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Douglas	Campbell	Griekwastad
Area (m²)	20 544	5 710	15 108
Preliminary and general (Rand)	1 378 577	311 981	788 328
Site Clearance (Rand)	65 946	18 329	48 497
Storm water control measures (Rand)	1 326 056	595 188	1 234 567
Capping (Rand)	6 939 325	1 427 589	4 008 716
Gas Management (Rand)	-	-	-
Leachate Management (Rand)	322 577	176 573	328 378
Fencing (Rand)	1 193 072	10 757	10 757
Other costs	3 149 780	1 458 276	2 248 314

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation</u>	
		2020 R	2019 R
Douglas	2021	14 375 332	13 132 644
Griekwastad	2020	8 667 556	7 910 596
Campbell	2020	3 998 693	3 802 556
		27 041 581	24 845 795

Material Assumptions used

	2018	2019	2020
Area of landfill site consumed			
Douglas	81.42%	85.12%	94.92%
Griekwastad	100.00%	100.00%	100.00%
Campbell	100.00%	100.00%	100.00%
Discount Rate used			
Douglas	6.20%	6.15%	4.62%
Griekwastad	6.20%	6.15%	4.76%
Campbell	6.20%	6.15%	4.76%

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R27041581 (2019: R24845795) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using a calculated risk free rate as determined by themunicipality, the government bond rate is used.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

16	CONSUMER DEPOSITS	2020 R	2019 R
	Water & Electricity	182 640	183 310
	Total Consumer Deposits	182 640	183 310

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

17	CURRENT EMPLOYEE BENEFITS	2020 R	2019 R
	Current Portion of Post Retirement Benefits	14 703 000	682 609
	Current Portion of Long-Service Awards	14 242 000	376 866
	Bonuses	1 033 400	1 034 378
	Staff Leave	1 284 097	3 392 645
	Total Current Employee Benefits	3 262 496	5 486 499

The movement in current employee benefits are reconciled as follows:

Bonuses

Balance at beginning of year	1 034 378	1 488 594
Contribution to current portion	2 760 376	2 873 320
Expenditure incurred	-2 761 355	-3 327 536
Balance at end of year	1 033 400	1 034 378

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle, that will only be paid out in the following year, on the employee's birth month. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	3 392 645	3 247 995
Contribution to current portion	-2 033 664	408 943
Expenditure incurred	-74 885	-264 293
Balance at end of year	1 284 097	3 392 645

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

18	PROVISIONS	2020 R	2019 R
	Current Portion of Rehabilitation of Landfill-sites	15 27 041 581	11 713 152
	Total Provisions	27 041 581	11 713 152

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

19	PAYABLES FROM EXCHANGE TRANSACTIONS	2020 R	2019 R
	Trade Payables	190 241 906	157 280 305
	Balance previously reported		157 693 215
	Correction of Payables from exchange transactions - Trade Payables against General expenses - Meter Management Fees (Correction Payable recorded incorrectly in 2019 - reversal of payable)	36.05 -	-359 052
	Correction of Vat Payable from exchange transactions - vat input in suspense against Payables from Exchange Transactions - Trade Payables (Correction Payable recorded incorrectly in 2019 - reversal of payable)	36.05	-53 858
	Receivables with credit balances	1 698 667	441 991
	Unspent grants	2 573 192	12 350 192
	Sundry Payables	6 297 479	11 182 678
	Total Trade Payables	200 811 244	181 255 166
	Total Non-current Trade Payables from Exchange Transactions	137 075 472	790 850
	Trade Payables	137 075 472	790 850
	Total Current Trade Payables	63 735 772	180 464 316

No payables are secured.

Payables are being recognised net of any discounts.

Payables are not all being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

Non-Current Trade Payables are recognised as per payment arrangements entered into

20	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2020 R	2019 R
	Unspent Grants	8 524 130	4 593 460
	National and Provincial Government Grants	8 524 130	4 593 460
	Other Sources	-	-
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Other Sources	-	-
	Total Conditional Grants and Receipts	8 524 130	4 593 460

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Library Project

Provincial Department - Library maintenance and Expenses

Financial Management Grant

National Treasury - Financial Management

Energy Efficiency grant

National Treasury - Electrical Maintenance

Municipal Infrastructure Grant

National Treasury - Municipal Infrastructure Improvement

LG Seta

Provincial Department - Personnel Training

Expanded Public Works Programme

National Treasury - Road Maintenance

INEG

National Treasury - Infrastructure development

RBIG

National Treasury - Infrastructure development

WSIG

National Treasury - Infrastructure development

Disaster Management Relief Grant - COVID 19

National Treasury - COVID 19 expenditure

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

21

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State

Balance previously reported

Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)

36.07

Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)

36.07

Less: Rebates

Balance previously reported

Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of Rebates during 2018/19)

36.07

Total Assessment Rates

Valuations - 1 July 2019

Rateable Land and Buildings

Residential

Business

Governments

Infrastructure

Public Benefit Organisations

Museum

Vacant land

Agriculture

Exempt Municipal and other

Less: Income Forgone

Total Assessment Rates

**2020
R**

**2019
R**

35 993 116

14 840 703

35 993 116

14 840 703

-

15 157 968

-

(310 533)

-

(6 732)

(3 053 600)

(2 562 391)

-

(2 502 885)

-

(59 505)

32 939 516

12 278 312

11 587 112 400

8 835 956 996

786 886 500

531 708 157

414 311 500

222 360 886

388 115 500

70 403 430

4 577 500

-

111 576 000

-

-

126 360

60 180 700

-

9 696 744 000

7 880 642 842

124 720 700

130 715 321

11 587 112 400

8 835 956 996

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 2019.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

22

GOVERNMENT GRANTS AND SUBSIDIES

		2020	2019
		R	R
Unconditional Grants		49 714 000	45 402 000
Equitable Share	22.1	49 714 000	45 402 000
Conditional Grants		41 259 569	33 039 325
Library Project		1 062 000	662 000
Local Government Financial Management Grant		2 880 000	2 415 000
Municipal Infrastructure Grant		12 826 237	12 421 427
LG Seta		519 600	342 630
EPWP		1 010 000	1 000 000
Regional Bulk Infrastructure Grant		-	1 700 000
Integrated National Electrification Grant		12 924 000	5 000 000
Water Services Infrastructure Grant		7 001 732	7 498 268
Pixley District Grant		-	2 000 000
Electricity efficiency Grant		3 000 000	-
Disaster Management Relief Grant - Covid 19		36 000	-
Total Government Grants and Subsidies		90 973 569	78 441 325
Government Grants and Subsidies - Capital		32 762 324	26 619 695
Municipal Infrastructure Grant		12 826 237	12 421 427
Regional Bulk Infrastructure Grant		-	1 700 000
Integrated National Electrification Grant		12 924 000	5 000 000
Water Services Infrastructure Grant		7 001 732	7 498 268
Disaster Management Relief Grant - Covid 19		10 355	-
Government Grants and Subsidies - Operating		58 211 245	51 821 630
Equitable Share		49 714 000	45 402 000
Library Project		1 062 000	662 000
Local Government Financial Management Grant		2 880 000	2 415 000
LG Seta		519 600	342 630
EPWP		1 010 000	1 000 000
Pixley District Grant		-	2 000 000
Electricity efficiency Grant		3 000 000	-
Disaster Management Relief Grant - Covid 19		25 645	-
		90 973 569	78 441 325
 Grant spending per vote:			
Executive & Council		-	-
Corporate Services		555 600	342 630
Budget & Treasury		52 594 000	47 817 000
Community & Social Services		1 062 000	662 000
Road Transport		1 010 000	14 421 427
Electricity		27 465 753	6 000 000
Water		-	9 198 269
Waste Water Management		8 286 217	-
		90 973 569	78 441 326

Conditions were complied with during the year.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2020 R	2019 R
22.1	Equitable share		
	Opening balance	-	-
	Grants received	49 714 000	42 143 000
	Transfer from MIG due to roll over not approved on MIG	-	3 259 000
	Conditions met - Operating	(49 714 000)	(45 402 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
		<u>-</u>	<u>-</u>
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.		
22.2	Local Government Financial Management Grant (FMG)		
	Opening balance	-	-
	Grants received	2 880 000	2 415 000
	Conditions met - Operating	(2 880 000)	(2 415 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
		<u>-</u>	<u>-</u>
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
22.3	Municipal Infrastructure Grant (MIG)		
	Opening balance	3 933 573	7 660 195
	Grants received	16 608 000	16 355 000
	Transfer to Equitable Share due to roll over not approved on MIG	-	(1 669 211)
	Transfer to Sundry Payable due to roll over not approved on MIG	-	(5 990 984)
	Conditions met - Operating	-	-
	Conditions met - Capital	(12 826 237)	(12 421 427)
	Grant expenditure to be recovered	7 715 336	3 933 573
		<u>7 715 336</u>	<u>3 933 573</u>
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
22.4	Expanded Public Works Program (EPWP)		
	Opening balance	-	-
	Grants received	1 010 000	1 000 000
	Transfer to Equitable Share due to roll over not approved on EPWP	-	-
	Conditions met - Operating	(1 010 000)	(1 000 000)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	-	-
		<u>-</u>	<u>-</u>
	The grant was used for infrastructure development in the Siyancuma area.		
22.5	Library Grants		
	Opening balance	-	-
	Grants received	1 062 000	662 000
	Conditions met - Operating	(1 062 000)	(662 000)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	-	-
		<u>-</u>	<u>-</u>
	Library grants was utilised for the development of libraries in the Siyancuma area.		
22.6	Water Services Infrastructure Grant (WSIG)		
	Opening balance	1 732	7 948 997
	Grants received	7 000 000	7 500 000
	Transfer to Equitable Share due to roll over not approved on WSIG	-	(1 589 789)
	Transfer to Sundry Payable due to roll over not approved on WSIG	-	(6 359 208)
	Conditions met - Operating	-	-
	Conditions met - Capital	(7 001 732)	(7 498 268)
	Grant expenditure to be recovered	(0)	1 732
		<u>(0)</u>	<u>1 732</u>
	The Water Services Infrastructure Grant was used for the upgrading of the bulk water services within the Siyancuma areas.		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2020 R	2019 R
22.7	Integrated National Electrification Grant (INEG)		
	Opening balance	-	-
	Grants received	12 924 000	5 000 000
	Transfer to Equitable Share due to roll over not approved on INEP	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(12 924 000)	(5 000 000)
	Conditions still to be met	-	-
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
22.8	Other Grants		
	Opening balance	658 154	526 969
	Grants received	3 706 240	4 173 815
	Conditions met - Operating	(3 545 245)	(2 342 630)
	Conditions met - Capital	(10 355)	(1 700 000)
	Conditions still to be met	808 794	658 154
	Various grants were received from other spheres of government		
22.9	Total Grants		
	Opening balance	4 593 459	16 136 161
	Grants received	94 904 240	79 248 815
	Transfers	-	(12 350 192)
	Conditions met - Operating	(58 211 245)	(51 821 630)
	Conditions met - Capital	(32 762 324)	(26 619 695)
	Conditions still to be met/(Grant expenditure to be recovered)	8 524 130	4 593 459
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	8 524 130	4 593 460
	Unpaid Conditional Government Grants and Receipts	-	-
		8 524 130	4 593 460
23	PUBLIC CONTRIBUTIONS AND DONATIONS		
	Donations	312 111	1 120 958
	Service-in-kind	-	1 005 063
	Total Public Contributions and Donations	312 111	2 126 021
	Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest.		
	Service-in-kind is recognised due to the Department of Roads & Public Works which has seconded Mr. MF Fillies to act as Municipal Manager at Siyancuma Local Municipality.		
24	CONTRIBUTED PPE		
	Gentra Twenty Two CC	-	174 777
	Department of Health - Covid 19 water distribution - Jo-Jo tanks and structures	610 910	-
	Total changes in fair value	610 910	174 777
	Contributed PPE represents all assets donated to the municipality - refer to note 2 for the inclusion of assets.		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
		R	R
25	SERVICE CHARGES		
	Electricity	40 244 269	39 211 156
	Service Charges	42 408 090	41 104 308
	Balance previously reported		41 101 795
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing 3rd party sales 2018/19)		2 513
	36.07		
	<u>Less:</u> Revenue Forgone	(2 163 821)	(1 893 152)
	Water	24 926 330	23 340 059
	Service Charges	26 061 686	25 851 831
	Balance previously reported		25 851 779
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing 3rd party sales 2018/19)		52
	36.07		
	<u>Less:</u> Revenue Forgone	(1 135 356)	(2 511 772)
	Refuse removal	9 343 841	6 863 709
	Service Charges	13 390 629	10 026 252
	<u>Less:</u> Revenue Forgone	(4 046 788)	(3 162 543)
	Sewerage and Sanitation Charges	10 343 360	8 754 528
	Service Charges	14 620 330	12 175 177
	<u>Less:</u> Revenue Forgone	(4 276 970)	(3 420 650)
	Other Service Charges	-	-
	Total Service Charges	84 857 800	78 169 452

Revenue Foregone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2020	2019
		R	R
26	OTHER REVENUE		
	Sundry income	567 203	498 509
	Insurance income	11 449	185 669
	Legal cost received	3 494	31 723
	Cemetery fees	47 619	51 107
	Other income represents administration income	368 732	339 607
	Donations	-	25 000
	Total Other Income	998 497	1 131 615

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

27	EMPLOYEE RELATED COSTS	2020 R	2019 R
	Employee Related Costs - Salaries and Wages	39 278 804	39 018 690
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	10 408 875	9 810 130
	Travelling Allowances	2 382 117	2 309 888
	Acting Allowance	9 678	58 665
	Cellphone Allowance	376 600	200 900
	Standby Allowance	1 228 355	1 286 504
	Housing Benefits and Allowances	378 349	364 953
	Overtime	4 144 268	3 650 448
	Bargaining Council	19 051	18 822
	Bonuses	2 760 377	2 873 320
	Provision for staff leave	(2 033 663)	408 943
	Contribution to provision - Long Service Awards	14 238 619	212 614
	Contribution to provision - Post Retirement Medical	14 647 090	670 175
	Total Employee Related Costs	59 838 520	60 884 052

27	EMPLOYEE RELATED COSTS	2020 R	2019 R
----	-------------------------------	-------------------	-------------------

KEY MANAGEMENT PERSONNEL

There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager (MF Fillis - 08/05/2018 to current)

Annual Remuneration	444 000	1 449 063
Cellphone Allowance	48 600	4 000
Housing Allowance	48 000	48 000
Transport Logsheets	162 256	137 537
Total	702 856	1 638 600

Remuneration of the Chief Financial Officer (CC Zealand)

Annual Remuneration	657 022	638 672
Travelling Allowance	190 074	184 038
Contributions to UIF, Medical and Pension Funds	236 629	231 545
Cellphone Allowance	41 400	9 600
Transport Logsheets	33 290	11 144
Total	1 158 414	1 074 999

Remuneration of the Director Corporate and Community Services (J Marwane)

Annual Remuneration	728 357	708 140
Travelling Allowance	162 231	157 986
Contributions to UIF, Medical and Pension Funds	193 137	188 129
Cellphone Allowance	41 400	9 600
Transport Logsheets	7 993	9 298
Total	1 133 118	1 073 153

Remuneration of the Director Infrastructure Services (XS Geco)

Annual Remuneration	760 728	730 176
Travelling Allowance	121 120	130 000
Contributions to UIF, Medical and Pension Funds	201 877	194 079
Cellphone Allowance	41 400	9 600
Transport Logsheets	17 319	10 067
Total	1 142 444	1 073 922

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

			2020 R	2019 R
28	REMUNERATION OF COUNCILLORS			
Executive Mayor:	Allowances	(L Senye - 01 July 2018 until 20 May 2019)	-	497 132
	Cell phone Allowance		-	39 252
	Backpay		-	22 357
	Travelling		-	270 601
Executive Mayor:	Allowances	(PJ McKlein - 06 June 2019 until current)	634 407	43 386
	Cell phone Allowance		44 400	3 700
	Backpay		28 419	-
	Travelling		194 412	14 462
Councillors:	Allowances		2 839 608	2 512 086
	Cell phone Allowance		502 200	520 035
	Backpay		130 006	102 204
	Travelling		889 366	1 009 552
Total Councillors' Remuneration			5 262 819	5 034 767

	Allowances	Cell phone Allowance	Backpay	Travelling
Year ended 30 JUNE 2020				
Councillors	2 839 608	502 200	130 006	889 366
JH George	466 588	44 400	22 735	155 529
SJ Mosele	292 351	44 400	11 891	81 342
A Oliphant	230 915	44 400	8 993	61 524
L van Niekerk	249 209	44 400	11 891	81 342
DV Smous	186 246	44 400	8 993	61 524
KJ Apie	194 169	44 400	8 993	61 524
TM Tamboer	184 573	44 400	8 993	61 524
GF Morolong	236 869	44 400	11 542	78 956
EM Fish	184 573	44 400	8 993	61 524
DV Duiker	237 306	44 400	8 993	61 524
L van Wyk	185 542	44 400	8 993	61 524
VZ Standers	191 266	13 800	8 993	61 524

	Allowances	Cell phone Allowance	Backpay	Travelling
Year ended 30 JUNE 2019				
Councillors	2 512 086	520 035	102 204	1 009 552
JH George	451 624	44 400	17 886	151 594
SJ Mosele	236 201	44 400	9 355	152 440
PJ McKlein	163 323	40 700	7 076	71 532
A Oliphant	178 653	44 400	7 076	86 793
L van Niekerk	217 208	44 400	11 205	72 403
W Adams	-	-	-	-
DV Smous	178 653	44 400	7 076	61 629
KJ Apie	178 653	44 400	7 076	75 412
TM Tamboer	178 653	44 400	7 076	59 551
GF Morolong	229 272	44 400	9 080	76 424
EM Fish	178 653	44 400	7 076	59 551
DV Duiker	178 653	44 400	7 076	94 711
L van Wyk	142 537	35 335	5 149	47 513

In-kind Benefits

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
29	BAD DEBTS WRITTEN OFF		
	Trade Receivables from exchange transactions	7 579 596	13 594 412
	Trade Receivables from non-exchange transactions	8 16 349 632	125 171
	Other Debtors	7 -	55 991
	Less: VAT	11 (2 132 561)	(1 773 184)
	Total Bad Debts written off	14 796 668	12 002 390
		2020 R	2019 R
30	DEBT IMPAIRMENT / (REVERSAL)		
	Trade Receivables from exchange transactions	7 9 764 511	11 956 959
	Trade Receivables from non-exchange transactions	8 10 035 682	3 900 811
	Less: VAT Debt Impairment Provision	11 (1 273 632)	(1 559 603)
	Total Contribution to Impairment Provision	18 526 561	14 298 167
		2020 R	2019 R
31	IMPAIRMENTS		
	Property, Plant and Equipment	21 943	-
	<i>During the fixed asset verification tables, desks and chairs and water storage tank were damaged beyond repair and are to be impaired as they are broken and cannot be used. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or (its value in use).</i>		
	Total Impairment Loss/ (Reversal of Impairment Loss)	21 943	-
	Value in use		
	<i>Value in use of the movable assets and infrastructure assets were determined as R0 as these items cannot be used in the future as they are broken and will not provide value in use in the current period or future periods.</i>		
		2020 R	2019 R
32	FINANCE CHARGES		
	Long-term Liabilities	1 919 157	2 678 086
	Payables & Creditors	14 707 303	15 532 428
	Actuarial Interest	1 827 320	1 906 983
	Landfill Sites	1 164 274	1 388 543
	Total finance charges	19 618 054	21 506 040
33	BULK PURCHASES		
	Electricity	45 126 857	40 134 637
	Water	781 306	776 819
	Purchases	919 299	844 343
	Less Stock Adjustments	(137 993)	(67 524)
	Stock adjustments	137 993	67 524
	Total Bulk Purchases	46 046 156	40 978 980

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

34	DEPRECIATION AND AMORTISATION	2020	2019
		R	R
	Property, Plant and Equipment	8 798 389	9 732 665
	Balance previously reported		9 733 387
	Correction of PPE - Land and Buildings against Statement of Financial Performance - Depreciation and Amortisation (Correction of derecognition of Erven 202 - Depreciation charge for 2018/19)	36.07	-722
	Intangible Assets	84 594	92 569
	Capitalised Restoration costs	3 275 949	1 499 208
	Total finance charges	12 158 931	11 324 442
35	GENERAL EXPENSES	2020	2019
		R	R
	Advertisements	5 429	30 397
	Audit fees	2 972 917	2 560 883
	Bank charges	466 911	338 061
	Chemicals	342 195	339 126
	Cleaning costs	42 323	63 101
	Contracted Services	21 309	48 340
	Commission paid	189	413
	Delegation fees	492 283	415 856
	Drop safe rental	177 071	28 267
	Entertainment: public	12 938	27 897
	Environmental health	250 878	294 599
	Insurance cost	627 480	473 124
	Legal expenses	179 117	153 874
	Membership fees: municipal	698 166	692 274
	Balance previously reported		659 665
	Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Membership fees Municipal (Correction of VAT recognised incorrectly)	36.07	32 609
	Meter purchases	-	-
	Meter Management Fees	829 125	1 651 461
	Balance previously reported	-	2 010 512
	Correction of Payables from exchange transactions - Trade Payables against General expenses - Meter Management Fees (Correction Payable recorded incorrectly in 2019 - reversal of payable)	36.07	-359 052
	Other expenditure	54 256	950 201
	Printing & stationary	1 467 252	1 221 366
	Professional and consultant	6 930 910	7 594 461
	Telephone expenses	499 504	645 433
	Training	244 655	329 724
	Balance previously reported	-	309 429
	Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Training (Correction of VAT recognised incorrectly)	36.07	20 295
	Valuation fees	579 646	972 957
	Security	-	430 014
	Skills development Levy	450 562	532 332
	Subsistence and travel	525 735	401 347
	Vehicles: fuel	830 373	986 950
	Vehicles: licences	134 509	126 887
	Ward Committee	289 200	-
	General Expenses	19 124 933	21 309 345

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2019
R

36 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

36.01 VAT payable from exchange transactions

Disclosure as required by GRAP 1.

Balance previously reported

(14 348 160)

Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing 3rd party sales 2018/19 - Output VAT)

36.02 385

Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Training (Correction of VAT recognised incorrectly)

36.07 20 295

Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Membership fees Municipal (Correction of VAT recognised incorrectly)

36.07 32 609

Correction of Vat Payable from exchange transactions - vat input in suspense against Payables from Exchange Transactions - Trade Payables (Correction Payable recorded incorrectly in 2019 - reversal of payable)

36.05 53 858

Total **(14 241 014)**

36.02 Trade Receivables from exchange transactions

Disclosure as required by GRAP 1.

Balance previously reported

16 106 043

Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing 3rd party sales 2018/19)

36.07 52

Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing 3rd party sales 2018/19)

36.07 2 513

Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing 3rd party sales 2018/19 - Output VAT)

36.01 385

Total **16 108 993**

36.03 Trade Receivables from Non-exchange transactions

Disclosure as required by GRAP 1.

Balance previously reported

4 033 382

Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)

36.07 -310 533

Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)

36.07 -6 732

Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of Rebates during 2018/19)

36.07 -59 505

Correction of Accumulated Surplus - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 2018/19)

36.06 -2 695

Total **3 653 917**

36.04 Property, Plant and Equipment

Disclosure as required by GRAP 1.

Balance previously reported

408 644 155

Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of derecognition of Erven 475, 476, 612 & 656 as at 1 July 2018)

36.06 -253 000

Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of derecognition of Erven 202 as at 1 July 2018 - Cost)

36.06 -73 000

Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of derecognition of Erven 202 as at 1 July 2018 - Accumulated Depreciation)

36.06 7 988

Correction of PPE - Land and Buildings against Statement of Financial Performance - Depreciation and Amortisation (Correction of derecognition of Erven 202 - Depreciation charge for 2018/19)

36.07 722

Total **408 326 865**

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

36	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		2019 R
36.05	Payables from exchange transactions		
	Disclosure as required by GRAP 1.		
	Balance previously reported		181 668 076
	Correction of Payables from exchange transactions - Trade Payables against General expenses - Meter Management Fees (Correction Payable recorded incorrectly in 2019 - reversal of payable)	36.07	-359 052
	Correction of Vat Payable from exchange transactions - vat input in suspense against Payables from Exchange Transactions - Trade Payables (Correction Payable recorded incorrectly in 2019 - reversal of payable)	36.01	-53 858
	Total		181 255 166
36.06	Accumulated Surplus/(Deficit)		2019 R
	Disclosure as required by GRAP 1.		
	Balance previously reported		218 678 386
	Correction of Accumulated Surplus - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 2018/19)	36.03	-2 695
	Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of derecognition of Erven 475, 476, 612 & 656 as at 1 July 2018)	36.04	-253 000
	Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of derecognition of Erven 202 as at 1 July 2018 - Cost)	36.04	-73 000
	Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of derecognition of Erven 202 as at 1 July 2018 - Accumulated Depreciation)	36.04	7 988
	Total		218 357 680
36.07	Changes to Statement of Financial Performance		2019 R
	Balance previously reported		-10 394 184
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing 3rd party sales 2018/19)	36.02	52
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing 3rd party sales 2018/19)	36.02	2 513
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)	36.03	-310 533
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2018/19)	36.03	-6 732
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of Rebates during 2018/19)	36.03	-59 505
	Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Training (Correction of VAT recognised incorrectly)	36.01	-20 295
	Correction of Vat Payable from exchange transactions - vat input in suspense against General Expenses - Membership fees Municipal (Correction of VAT recognised incorrectly)	36.01	-32 609
	Correction of Payables from exchange transactions - Trade Payables against General expenses - Meter Management Fees (Correction Payable recorded incorrectly in 2019 - reversal of payable)	36.05	359 052
	Correction of PPE - Land and Buildings against Statement of Financial Performance - Depreciation and Amortisation (Correction of derecognition of Erven 202 - Depreciation charge for 2018/19)	36.04	722
	Total		-10 461 517

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
37 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	18 488 537	(10 461 517)
<u>Adjustments for:</u>		
Depreciation	12 074 338	11 231 873
Amortisation of Intangible Assets	84 594	92 569
Contributed PPE	(610 910)	(174 777)
Impairments	21 943	-
(Gain)/ loss on disposal of Property Plant and Equipment	402 263	283 104
(Gain)/ loss on disposal of Biological Assets	-	(117 112)
Contribution from/to employee benefits - benefits paid	(1 058 824)	(1 183 705)
Contribution from/to employee benefits - non-current - expenditure incurred	2 713 029	2 789 773
Contribution from/to employee benefits - non-current - actuarial gains	(4 005 052)	(1 889 286)
Contribution to employee benefits – current	726 713	3 282 263
Contribution to employee benefits – current - expenditure incurred	(2 836 240)	(3 591 828)
Contribution to provisions – current	1 164 274	1 388 543
Contribution to provisions – Debt Impairment	36 729 422	29 577 354
Bad Debt written off	(16 929 229)	(13 719 583)
Fair Value Adjustments	(33 689)	30 037
Operating lease income accrued	48 000	28 006
Operating Surplus/(Deficit) before changes in working capital	46 979 169	17 565 713
Changes in working capital	(17 284 940)	14 485 445
Increase/(Decrease) in Payables From Exchange Transactions	19 556 078	48 844 499
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	3 930 670	(11 542 702)
(Increase)/Decrease in Taxes	(2 426 458)	(2 984 778)
(Increase)/Decrease in Inventory	198	(1 054)
(Increase)/Decrease in Trade Receivables from exchange transactions	(19 294 289)	(14 477 856)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(19 051 139)	(5 352 664)
Cash generated/(absorbed) by operations	29 694 229	32 051 158

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
38	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits	12 2 384 430	350 297
	Cash Floats	12 550	550
	Bank	12 1 389 290	6 279 364
	Total cash and cash equivalents	3 774 270	6 630 211
39	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents	38 3 774 270	6 630 211
	Less:	3 774 270	6 630 211
		8 524 130	4 593 460
	Unspent Committed Conditional Grants - Prior year - Still to be withheld	20 4 583 105	-
	Unspent Committed Conditional Grants - Current year	3 941 025	4 593 460
	Resources available for working capital requirements	(4 749 860)	2 036 751
40	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities	13 6 712 587	9 555 078
	Used to finance property, plant and equipment - at cost	-6 712 587	-9 555 078
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
41	BUDGET INFORMATION	2020 R	2019 R
	The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.		
	Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.		
	The comparable information includes the following:		
	<ul style="list-style-type: none"> the approved and final budget amounts; actual amounts and final budget amounts; 		
	Explanations for differences between the approved and final budget are included in the additional Statement of comparison of budget and actual amounts.		
	Explanations for material differences between the final budget amounts and actual amounts are included the Statement of comparison of budget and actual amounts.		
42	CASH FLOW PRESENTATION	2020 R	2019 R
	The Cash flow statement has been prepared on the direct method as in accordance with GRAP 2. The comparative amounts have been adjusted with any changes made to the comparative amounts as disclosed in Note 36.		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

43	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2020	2019
		R	R
43.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	33 084 032	37 066 582
	Unauthorised expenditure current year - capital	12 307 383	5 625 145
	Unauthorised expenditure current year - operating	45 582 282	27 458 887
	Approved by Council or condoned	(33 084 032)	(37 066 582)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	57 889 665	33 084 032

Incident	Disciplinary steps/criminal proceedings
<i>Over expenditure on votes</i>	<i>None</i>

	2020	2020	2020	2020
	R	R	R	R
	(Actual)	(Budget)	(Variance)	(Unauthorised)
<u>Unauthorised expenditure current year - operating</u>				
Executive & Council	7 627 921	11 767 769	(4 139 847)	-
Budget & Treasury	44 437 400	33 308 247	11 129 153	11 129 153
Corporate Services	35 304 487	23 233 487	12 071 000	12 071 000
Health	-	-	-	-
Community & Social Services	2 586 037	3 016 820	(430 784)	-
Public Safety	3 241 327	4 318 133	(1 076 806)	-
Sport & Recreation	509 329	748 465	(239 136)	-
Waste Management	8 012 418	1 883 718	6 128 700	6 128 700
Waste Water Management	12 614 322	8 635 199	3 979 124	3 979 124
Road Transport	10 943 185	12 496 985	(1 553 800)	-
Water	19 700 628	8 447 648	11 252 980	11 252 980
Electricity	54 820 948	65 549 156	(10 728 207)	-
	199 798 003	173 405 626	26 392 377	44 560 957

Unauthorised expenditure current year - operating (per vote)

Municipal Manager	320 364	3 275 141	(2 954 777)	-
Council	7 627 921	8 492 628	(864 707)	-
Corporate and Human Resources	34 958 432	23 233 487	11 724 946	11 724 946
Finance	43 955 507	32 686 762	11 268 745	11 268 745
Properties	801 460	621 485	179 975	179 975
Libraries	2 089 100	2 413 470	(324 371)	-
Cemetery	538 870	603 350	(64 480)	-
Parks and Recreation	735 156	748 465	(13 309)	-
Disaster Management	595 031	895 324	(300 294)	-
Waste Management	7 965 416	1 883 718	6 081 698	6 081 698
Public Works	10 947 925	12 496 985	(1 549 061)	-
Electricity	53 105 103	65 549 156	(12 444 053)	-
Water	20 674 171	8 447 648	12 226 523	12 226 523
Waste Water Management	12 735 594	8 635 199	4 100 395	4 100 395
Traffic	2 747 954	3 422 809	(674 855)	-
	199 798 003	173 405 626	26 392 377	45 582 282

Unauthorised expenditure current year - capital

	2020	2020	2020	2020
	R	R	R	R
	(Actual)	(Budget)	(Variance)	(Unauthorised)
Budget & Treasury	105 156	10 259 716	(10 154 560)	-
Corporate Services	645 697	-	645 697	645 697
Planning & Development	-	-	-	-
Health	-	-	-	-
Community & Social Services	-	1 050 398	(1 050 398)	-
Waste Management	10 200	3 960 540	(3 950 340)	-
Waste Water Management	8 093 484	7 877 062	216 422	216 422
Road Transport	-	3 720 000	(3 720 000)	-
Water	30 669	7 200 000	(7 169 331)	-
Electricity	21 369 264	9 924 000	11 445 264	11 445 264
	30 254 470	43 991 716	(13 737 246)	12 307 383

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

	2020		2019	
	R		R	
Unauthorised expenditure current year - capital (per vote)				
	R	R	R	R
	(Actual)	(Budget)	(Variance)	(Unauthorised)
Corporate and Human Resources	645 697	-	645 697	645 697
Finance	105 156	10 259 716	(10 154 560)	-
Cemetery		1 050 398	(1 050 398)	-
Waste Management	10 200	3 960 540	(3 950 340)	-
Public Works	-	3 720 000	(3 720 000)	-
Electricity	21 369 264	9 924 000	11 445 264	11 445 264
Water	30 669	7 200 000	(7 169 331)	-
Waste Water Management	8 093 484	7 877 062	216 422	216 422
	30 254 470	43 991 716	(13 737 246)	12 307 383

	2020		2019	
	R		R	
The over expenditure incurred by municipal departments on their operating budgets				
Non-cash			36 008 278	25 772 061
Cash			9 574 004	1 686 827
			45 582 282	27 458 887

	2020		2019	
	R		R	
Analysed as follows: Non-cash				
Employee related cost (Actuarial Valuations)			1 827 320	1 889 286
Depreciation and Amortisation			12 158 931	3 999 663
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)			1 164 274	1 388 543
Finance Charges (Actuarial Interest)			1 906 983	1 906 983
Loss on disposal of Property, Plant and Equipment			402 263	288 611
Impairment Losses			21 943	-
Debt Impairment			18 526 563	16 298 974
			36 008 278	25 772 061

	2019		2018	
	R		R	
Analysed as follows: Cash				
Other			9 574 004	1 686 827
			9 574 004	1 686 827

43.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	15 600 118	12 578 090
Fruitless and wasteful expenditure current year	14 707 303	15 600 118
Condoned or written off by Council	(15 600 118)	(12 578 090)
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	14 707 303	15 600 118

Incident	Disciplinary steps/criminal proceedings		
2019 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R72 645.42	None	-	72 645
2019 - Interest for the late payment on Auditor General's account R80 623.89	None	-	80 624
2019 - Interest for the late payment on Eskom's account R15 253 457.03	None	-	15 253 457
2019 - Interest for the late payment on Nashua account R146 839.67	None	-	146 840
2019 - Interest for the late payment on various different vendors' accounts R46 552.37	None	-	46 552
2020 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R58.63	None	59	-
2020 - Interest for the late payment on Auditor General's account R11 411.18	None	11 411	-
2020 - Interest for the late payment on Eskom's account R14 486 411.95	None	14 486 412	-
2020 - Interest for the late payment on Nashua account R180 868.88	None	180 869	-
2020 - Interest for the late payment on various different vendors' accounts R28 552.34	None	28 552	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

43.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	45 179 811	13 238 034
Irregular expenditure current year	20 888 610	38 923 806
Written off by Council	-45 179 811	-6 982 029
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	20 888 610	45 179 811

Incident	Disciplinary steps/criminal proceedings		
2018 - Non-compliance with Collective Agreement - Payments made above the upper limits	None	-	18 224
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	None	-	6 237 781
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	None	-	528 661
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day minimum period	None	-	11 441 411
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Exceed Contract Value	None	-	484 808
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	None	-	1 068 952
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - No Declaration of Interest	None	-	263 260
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Preference Point System not applied	None	-	30 960
2019 - Non-compliance with Collective Agreement - Payments made above the upper limits	None	-	209 607
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	None	-	24 896 147
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	None	1 000 244	
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day	None	8 481 153	
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	None	1 075 877	
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - No Declaration of Interest	None	7 945	
2020 - Non-compliance with Collective Agreement - Payments made above the upper limits	None		
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	None	10 323 390	

The list of Irregular expenditure will be investigated and proceedings will be reported on.

Case under investigation - Regulation 32 which is due to Circular 96 issued by National Treasury

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

43.4 **Material Losses****Electricity distribution losses**

Units purchased (Kwh)	26 943 251	30 548 825
- Units lost during distribution (Kwh)	5 953 226	6 509 824
- Percentage lost during distribution	22.10%	21.31%

Water distribution losses

- Mega litres purified	1 816 020	1 816 020
- Mega litres lost during distribution	272 597	145 232
- Percentage lost during distribution	15.01%	8.00%

44 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

2020	2019
R	R

44.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance	434 105	524 359
Council subscriptions	698 166	159 746
Amount paid - current year	-	-
Amount paid - previous years	(250 000)	(250 000)
Balance unpaid	882 271	434 105

44.2 **Audit fees - [MFMA 125 (1)(b)]**

Opening balance	1 037 169	432 869
Current year audit fee	2 827 223	2 156 041
Amount paid - current year	(386 148)	(1 118 872)
Amount paid - previous year	(1 037 169)	(432 869)
Balance unpaid (included in creditors)	2 441 075	1 037 169

44.3 **VAT - [MFMA 125 (1)(b)]**

VAT	16 667 472	14 241 014
VAT is payable/receivable on the cash basis.		

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

2020	2019
R	R

44.4 **PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

Opening balance	729 634	1 373 869
Current year payroll deductions and Council Contributions	9 795 243	9 173 564
Amount paid - current year	-9 731 272	-9 817 800
Balance unpaid (included in creditors)	793 605	729 634

44.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

Opening balance	1 214 809	1 102 560
Current year payroll deductions and Council Contributions	15 357 559	14 470 486
Amount paid - current year	-14 089 691	-13 255 677
Amount paid - previous year	-1 214 809	-1 102 560
Balance unpaid (included in creditors)	1 267 868	1 214 809

44.6 **Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2020:

	2020 R Outstanding more than 90 days	2019 R Outstanding more than 90 days
A. Olifant	32 409	29 926
L. van Niekerk	1 938	-
Total Councillor Arrear Consumer Accounts	34 348	29 926

44.7 **Non-Compliance with MFMA**

* Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

44	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)	2020 R	2019 R
44.8	<u>Deviations - Supply Chain Management</u>		
	Deviations from the Supply Chain Management Regulations were identified on the following categories:		
	Deviations per financial category		
	- Between R 0 and R 2 000	-	-
	- Between R 2 000 and R 10 000	154 393	211 436
	- Between R 10 000 and R 30 000	423 638	519 269
	- Between R 30 000 and R 500 000	1 651 323	1 322 875
		<u>2 229 355</u>	<u>2 053 580</u>
	Deviations between R30 000 and R500 000		
	University of Fort Hare - Training of Councillors - Deviation from SCM	-	79 950
	Marvin Marketing - Sole supplier - Deviation from SCM	308 200	308 200
	Douglas Engineering - Insufficient quotes - Deviation from SCM	151 249	38 003
	Earth Moving Equipment - Repairs - Deviation from SCM	-	51 491
	Test it Lab - Insufficient Quotes - Deviation from SCM	-	49 365
	University of Free State - Insufficient Quotations (testing of water) - Deviation from SCM	306 427	36 778
	WITS School of Governance - Insufficient Quotations - Deviation from SCM	-	146 500
	WEC Projects (Pty)Ltd - Insufficient Quotes - Deviations from SCM	75 626	79 373
	Fedility Cash Solution - Deviation from SCM	128 706	490 574
	C-Pac Pumps - Insufficient quotes - Deviation from SCM	296 931	-
	NC Pumps - Insufficient quotes - Deviation from SCM	-	42 642
	Herman van Heerden - Insufficient quotes	131 073	-
	Sol Plaatjie Municipality - Insufficient Quotations - Deviation from SCM	155 591	-
	CA Autolek - Health risk - Deviation from SCM	56 073	-
	Iets van Alles - Insufficient quotes - Deviations form SCM	41 448	-
		<u>2020 R</u>	<u>2019 R</u>
45	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	110 923 952	120 708 789
	Infrastructure	<u>110 923 952</u>	<u>120 708 789</u>
	Total	<u>110 923 952</u>	<u>120 708 789</u>
	This expenditure will be financed from:		
	Government Grants	<u>110 923 952</u>	<u>120 708 789</u>
		<u>110 923 952</u>	<u>120 708 789</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

46

FINANCIAL RISK MANAGEMENT

2020
R2019
R

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

2020
R2019
R

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% (2019 - 0.5%) Increase in interest rates
0.5% (2019 - 0.5%) Decrease in interest rates

(14 694)
14 694

(14 627)
14 627

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 7 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 7 for balances included in receivables that were re-negotiated for the period under review.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

46

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2020		2019	
	R		R	
Balances past due not impaired:				
	2020	2020	2019	2019
	%	R	%	R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	9 116 760	100.00%	1 950 181
<u>Exchange Receivables</u>				
Electricity	19%	2 768 400	23%	1 034 626
Water	37%	5 253 785	40%	1 753 795
Refuse	19%	2 758 762	18%	813 288
Sewerage	24%	3 452 358	24%	1 084 453
Other	1%	102 642	-6%	(250 177)
	100.00%	14 335 947	100.00%	4 435 985

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 7 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2020		2019	
	%		%	
Electricity	3.81%	3 932 853	3.42%	2 848 784
Water	29.44%	30 360 317	32.83%	27 360 113
Refuse	16.35%	16 856 371	17.99%	14 992 070
Sewerage	18.44%	19 013 280	20.08%	16 731 495
Other Consumer Arrears	1.59%	1 643 343	0.13%	109 191
Rates	19.83%	20 450 635	13.57%	11 310 012
Fines	10.54%	10 870 685	11.97%	9 975 627
	100.00%	103 127 484	100.00%	83 327 291

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Trade receivables and other receivables	38 308 146	19 762 909
Cash and Cash Equivalents	3 774 270	6 630 211
	42 082 416	26 393 120

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2020
R2019
R

46

FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2020				
Long Term liabilities	3 549 017	5 639 799	-	-
Capital repayments	2 211 734	4 500 853	-	-
Interest	1 337 283	1 138 946	-	-
Payables From Exchange Transactions	63 735 772	137 075 472	-	-
Capital repayments	63 735 772	137 075 472	-	-
Interest	-	-	-	-
Provisions	27 382 048	-	-	-
Capital repayments	27 041 581	-	-	-
Interest	340 467	-	-	-
Unspent conditional government grants and receipts	8 524 130	-	-	-
	<u>103 190 967</u>	<u>142 715 270</u>	<u>-</u>	<u>-</u>
2019				
Long Term liabilities	4 792 648	9 160 616	-	-
Capital repayments	2 854 729	6 700 348	-	-
Interest	1 937 919	2 460 268	-	-
Payables From Exchange Transactions	180 464 316	790 850	-	-
Capital repayments	180 464 316	790 850	-	-
Interest	-	-	-	-
Provisions	11 713 152	15 863 572	-	-
Capital repayments	11 713 152	13 132 644	-	-
Interest	-	2 730 928	-	-
Unspent conditional government grants and receipts	16 822 076	-	-	-
	<u>213 792 193</u>	<u>25 815 038</u>	<u>-</u>	<u>-</u>

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020 R	2019 R
47	FINANCIAL INSTRUMENTS		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
47.1	Financial Assets	Classification IAS 39	
	Long-term Receivables		
	Trade and other receivables with arrangements	Financial instruments at amortised cost	-
	Consumer Debtors		
	Trade receivables from exchange transactions	Financial instruments at amortised cost	90 527 033
	Other receivables from exchange transactions	Financial instruments at amortised cost	6 917 902
	Other receivables from non-exchange transactions	Financial instruments at amortised cost	43 990 694
	Other Debtors		
	Government Subsidies and Grants	Financial instruments at amortised cost	-
	Current Portion of Long-term Receivables		
	Trade and other receivables with arrangements	Financial instruments at amortised cost	-
	Short-term Investment Deposits		
	Call Deposits	Financial instruments at amortised cost	2 384 430
	Bank Balances and Cash		
	Bank Balances	Financial instruments at amortised cost	1 389 290
	Cash Floats and Advances	Financial instruments at amortised cost	550
		145 209 900	109 720 412
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	145 209 900	109 720 412
47.2	Financial Liability	Classification IAS 39	
	Long-term Liabilities		
	Annuity Loans	Financial instruments at amortised cost	-
	Capitalised Lease Liability	Financial instruments at amortised cost	4 491 876
	Trade Payables		
	Trade creditors	Financial instruments at amortised cost	190 241 906
	Sundry creditors	Financial instruments at amortised cost	6 297 479
	Deposits	Financial instruments at amortised cost	2 573 192
	Unspent Conditional Grants and Receipts		
	Other Spheres of Government	Financial instruments at amortised cost	8 524 130
	Current Portion of Long-term Liabilities		
	Annuity Loans	Financial instruments at amortised cost	-
	Capitalised Lease Liability	Financial instruments at amortised cost	2 220 711
	Bank Balances and Cash		
	Bank Balances	Financial instruments at amortised cost	-
		214 349 294	194 961 712
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	214 349 294	194 961 712

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

48	EVENTS AFTER THE REPORTING DATE	2020 R	2019 R
	Siyancuma Business and Resident Forum applicant against the Municipality - possible applicant costs pending outcome.		
49	STATUTORY RECEIVABLES	2020 R	2019 R
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Taxes		
	VAT Receivable	16 667 472	14 241 014
	Receivables from Non-Exchange Transactions	43 990 694	24 939 555
	Rates	31 720 689	13 728 051
	Fines	12 270 005	11 211 504
	Total Statutory Receivables (before provision)	60 658 166	39 180 569
	Less: Provision for Debt Impairment	(31 321 320)	(21 285 638)
	Total Statutory Receivables (after provision)	29 336 846	17 894 931
	Statutory Receivables arises from the following legislation:		
	Taxes - Value Added Tax Act (No 89 of 1991)		
	Rates - Municipal Properties Rates Act (No 6 of 2004)		
	Fines - Criminal Procedures Act		
	Statutory receivables are initially measured at transaction value, and subsequently at cost.		
	(Rates): Ageing	2020 R	2019 R
	Current (0 - 30 days)	2 153 294	847 323
	31 - 60 Days	475 186	193 967
	61 - 90 Days	428 702	165 167
	+ 90 Days	28 663 507	12 521 593
	Total	31 720 689	13 728 051
	Reconciliation of Provision for Debt Impairment	2020 R	2019 R
	Balance at beginning of year	(21 285 638)	(17 384 827)
	Contribution to provision	(10 006 783)	(3 900 811)
	Balance at end of year	(31 292 421)	(21 285 638)

Interest is levied at a rate determined by the council on outstanding rates amounts.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

			2020	2019
			R	R
50	IN-KIND DONATIONS AND ASSISTANCE			
	Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest to the value of R312 111.			
	Department of Health as donated Jo-Jo tanks and physical structures to place the tanks in order to provide water to the community relating to the COVID-19 pandemic. The total value amounts to R610 910			
	The Department of Roads & Public Works has seconded Mr. MF Fillies to act as Municipal Manager at Siyancuma Local Municipality. This service in-kind has been recognised as revenue in terms of GRAP 23.			
51	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
52	CONTINGENT LIABILITY			
	Siyancuma has a possible liability regarding litigation claims for damages by S Jantjies		-	-
	Siyancuma has a possible liability regarding litigation claims for damages by J Kerhoff		-	-
	Siyancuma has a possible liability regarding litigation claims for damages by WJ van der Merwe		-	-
	Siyancuma has a possible liability regarding litigation claims for damages by MJ van Zyl		-	-
	Siyancuma has a possible liability regarding litigation claims for damages by JS Fourie		-	-
	Siyancuma Municipality has a possible liability with regards to the landfill site licence for Griekwastad which is outstanding, the amount of the liability is unknown.			
53	RELATED PARTIES			
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
53.1	Related Party Transactions			
		Rates - Levied 1 July 2019 - 30 June 2020	Service Charges - Levied 1 July 2019 - 30 June 2020	Other - Levied 1 July 2019 - 30 June 2020
	Year ended 30 June 2020			Outstanding Balances 30 June 2020
	Councillors	2 932	18 992	2 809
	A. Oliphant 3C0500/300500	-	-	2 809
	A. Oliphant 3C0139/300139	-	1 500	-
	L van Niekerk 100153/100756	2 876	8 975	-
	KJ Apie 201022/202116	-	3 804	-
	L van Wyk 131406/105258	56	4 712	-
	Municipal Manager and Section 57 Employees	-	6 889	-
	MF Fillis 100298/108709	-	3 480	-
	CC Zealand 132548/108644	-	1 655	-
	XS Geco 132546/108327	-	1 754	-
		Rates - Levied 1 July 2017 - 30 June 2018	Service Charges - Levied 1 July 2017 - 30 June 2018	Other - Levied 1 July 2017 - 30 June 2018
	Year ended 30 June 2019			Outstanding Balances 30 June 2018
	Councillors	1 065	23 559	5 746
	A. Oliphant 3C0500/300500	-	-	5 746
	A. Oliphant 3C0139/300139	-	2 280	-
	L van Niekerk 100153/100756	1 065	8 433	-
	KJ Apie 201022/202116	-	9 118	-
	L van Wyk 131406/105258	-	3 728	-
	Municipal Manager and Section 57 Employees	-	11 783	-
	MF Fillis 100298/108709	-	2 652	-
	CC Zealand 132548/108644	-	2 824	-
	XS Geco 132546/108327	-	6 308	-

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
		R	R
53	RELATED PARTIES (CONTINUE)		
53.2	Related Party Loans		
	Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note to the Annual Financial Statements.		
53.3	Compensation of key management personnel		
	The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.		
53.4	Other related party transactions		
	None to report		
54	ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT		
	Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.		
55	FINANCIAL SUSTAINABILITY		
	The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:		
	Financial Indicators		
	The current ratio increased to 0.56:1 from 0.21 in the prior year.		
	The municipality has furthermore budgeting for positive cash flows during 2020/2021 and 2021/2022 amounting to R47 242 000 and R50 173 000 respectively.		
	The average debtors' payment days increased to 704 days from 439 days.		
	Creditors payment period amounts to 405 days		
	Debt impairment of Trade Receivables from exchange and non-exchange amounted to 73% and 81% in the prior year.		
	Other Indicators		
	Possible outflow of resources due the contingent liability disclosed in note 52		
	The municipality has a debt payment plan with Eskom to the large outstanding Eskom debt which comprises 87% of all outstanding creditors.		
	The municipality adjusted budget for 2019/20 shows an improved cash flow and resulting in a positive cash balance in the 2 outer financial years.		
	The municipality is expecting operating government grants amounting to R57 198 000 in the next financial year.		

SIYANCUMA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

55	FINANCIAL SUSTAINABILITY (CONTINUE)	2020	2019
		R	R

COVID-19 - Background

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

COVID-19 - Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As far as possible the Municipality factored in the effect of the lockdown regulations on our economic environment. At this stage, it is still uncertain how long the pandemic will remain or how long the economy will take to recover from the lockdown levels.

The Municipality assessed the impact of the COVID-19 pandemic by comparing the financial indicators of 2018/2019 and 2019/2020 as illustrated below. The results are not solely due to the effect of COVID-19 and subsequent lockdown regulations, but are significantly impacted by the pandemic.

	2020	2019
	R	R
Cash available for working capital requirement (Rand)	(4 749 860)	2 036 751
Current Ratio (norm - 2:1)	0.56 : 1	0.2 : 1
Creditors days (norm - 30 days or less)	405 days	378 days
Average debtors payment days	704 days	439 days
Debt impairment ratio (norm - 95% or more)	73%	81%

When analysing the results of the ratios, it can be concluded that the COVID-19 pandemic had an adverse effect from a financial sustainability perspective. The results are not solely due to the effects of COVID-19 and subsequent lockdown regulations, but has been significantly impacted by the pandemic.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

COVID-19 - Response Expenditure

There is no prior year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2020.

	2020	2019
	R	R
<u>Type of expenditure</u>		
Personal Protective Equipment	34 162	-
Sanitiser and Equipment	17 773	-
	51 935	-
The Covid-19 response expenditure was funded from the following sources:		
Own Revenue	15 935	-
Grant Funding - National Government	36 000	-
	51 935	-

APPENDIX A - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2020

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2019	Correction of Error	Balance at 30 June 2019 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2020
LEASE LIABILITY									
Various (R150100)	9 to 59%	Nashua	31/12/2019	788 414	-	788 414	-	(788 414)	-
Various (R2200)	48.00%	Nashua	31/01/2020	15 067	-	15 067	-	(15 067)	-
Various (R18918)	41.00%	Nashua	31/03/2020	164 598	-	164 598	-	(164 598)	-
PABX (R16700)	19.50%	Nashua	30/09/2020	251 707	-	251 707	-	(196 396)	55 311
CCTV Cameras (R24000)	25.42%	Nashua	31/01/2021	424 319	-	424 319	-	(248 048)	176 271
Biometric Access Control (R28500)	23.53%	Nashua	30/06/2021	541 448	-	541 448	-	(239 324)	302 124
Smartmeters	19 to 57%	Gridcontrol Technologies	31/03/2025	7 369 524	-	7 369 524	12 453	(1 203 097)	6 178 881
							-		
Total Lease Liabilities				9 555 078	-	9 555 078	12 453	(2 854 944)	6 712 587
TOTAL EXTERNAL LOANS				9 555 078	-	9 555 078	12 453	(2 854 944)	6 712 587

APPENDIX B - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
MUNICIPAL VOTES CLASSIFICATION

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
(226 116)	-	(226 116)	Assesment Rates	-	-	-
51 107	(565 549)	(514 442)	Cemetary	47 619	(538 870)	(491 251)
-	-	-	Civic Centre	-	-	-
6 863 708	(7 766 718)	(903 010)	Cleansing	9 343 841	(8 012 418)	1 331 423
3 772 577	(33 639 682)	(29 867 104)	Corporate and Human Resources	5 501 522	(34 958 432)	(29 456 910)
-	-	-	Council General	-	-	-
-	-	-	Depreciation Reserves	-	-	-
162 185	(208 797)	(46 612)	Douglas Holiday Resort	173 115	(178 072)	(4 957)
45 531 887	(48 743 006)	(3 211 119)	Electricity	68 095 909	(55 379 999)	12 715 910
60 495 701	(41 607 144)	18 888 557	Finance	85 032 655	(43 320 990)	41 711 665
-	(663 974)	(663 974)	Fire Bridge	-	(493 373)	(493 373)
-	(6 700 430)	(6 700 430)	Governance - Council	-	(7 627 921)	(7 627 921)
-	14 136	14 136	Health Services	-	(101 657)	(101 657)
2 415 000	(526 865)	1 888 135	Interns	2 880 000	(634 518)	2 245 482
662 250	(2 630 891)	(1 968 642)	Library	1 062 562	(2 089 100)	(1 026 538)
450	-	450	Licences	-	-	-
88 358	-	88 358	Meent	52 043	-	52 043
-	(2 039 571)	(2 039 571)	Municipal Manager	-	(320 364)	(320 364)
-	(787 853)	(787 853)	Parks and Recreation	-	(557 083)	(557 083)
109 517	(874 346)	(764 829)	Properties	89 119	(801 460)	(712 341)
14 421 427	(11 704 875)	2 716 552	Public Works: Roads	1 010 000	(10 947 925)	(9 937 925)
-	-	-	Sanitation	-	-	-
8 754 527	(12 546 609)	(3 792 081)	Sewerage and Sanitation	18 629 577	(12 802 231)	5 827 346
-	-	-	Stormwater Drainage	-	-	-
3 542 812	(2 944 359)	598 453	Traffic	1 442 247	(2 747 954)	(1 305 707)
32 558 053	(18 405 253)	14 152 801	Water	24 926 330	(20 771 107)	4 155 223
179 203 444	(192 341 783)	(13 138 339)	Sub Total	218 286 539	(202 283 474)	16 003 065
-	2 676 822	2 676 822	Less Inter-Departmental Charges	-	2 485 472	2 485 472
179 203 444	(189 664 961)	(10 461 517)	Total	218 286 539	(199 798 002)	18 488 537

APPENDIX C - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
-	(6 700 430)	(6 700 430)	Executive & Council	-	(7 627 921)	(7 627 921)
62 794 102	(43 008 355)	19 785 748	Budget & Treasury	88 001 774	(44 756 967)	43 244 807
3 860 936	(35 679 252)	(31 818 316)	Corporate Services	5 553 565	(35 278 796)	(29 725 231)
-	14 136	14 136	Health	-	(101 657)	(101 657)
713 357	(3 196 440)	(2 483 084)	Community & Social Services	1 110 181	(2 627 970)	(1 517 789)
3 543 262	(3 608 332)	(65 071)	Public Safety	1 442 247	(3 241 327)	(1 799 080)
162 185	(996 650)	(834 465)	Sport & Recreation	173 115	(735 156)	(562 041)
6 863 708	(7 766 718)	(903 010)	Waste Management	9 343 841	(8 012 418)	1 331 423
8 754 527	(12 546 609)	(3 792 082)	Waste Water Management	18 629 577	(12 802 231)	5 827 346
14 421 427	(11 704 874)	2 716 552	Road Transport	1 010 000	(10 947 925)	(9 937 925)
32 558 053	(18 405 253)	14 152 800	Water	24 926 330	(20 771 107)	4 155 223
45 531 887	(48 743 002)	(3 211 115)	Electricity	68 095 909	(55 379 995)	12 715 914
						-
179 203 444	(192 341 779)	(13 138 335)	Sub Total	218 286 539	(202 283 470)	16 003 069
-	2 676 822	2 676 822	Less Inter-Departmental Charges	-	2 485 472	2 485 472
179 203 444	(189 664 957)	(10 461 513)	Total	218 286 539	(199 797 998)	18 488 541

APPENDIX D - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2019	Correction of error	Restated balance 1 July 2019	Contributions during the year	Transfer	Transfer to Sundry Payable	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2020
UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R	R	R
Library Project	-	-	-	1 062 000	-	-	1 062 000	-	-
FMG	-	-	-	2 880 000	-	-	2 880 000	-	-
Equitable Share	-	-	-	49 714 000	-	-	49 714 000	-	-
MIG	3 933 573	-	3 933 573	16 608 000	-	-	-	12 826 237	7 715 336
LG Seta	658 155	-	658 155	670 240	-	-	519 600	-	808 794
Disaster Management relief grant - Covid 19	-	-	-	36 000	-	-	25 645	10 355	-
EPWP	-	-	-	1 010 000	-	-	1 010 000	-	-
Energy Efficiency grant	-	-	-	3 000 000	-	-	3 000 000	-	-
INEG	-	-	-	12 924 000	-	-	-	12 924 000	-
RBIG	-	-	-	-	-	-	-	-	-
WSIG	1 732	-	1 732	7 000 000	-	-	-	7 001 732	-
Total	4 593 460	-	4 593 460	94 904 240	-	-	58 211 245	32 762 324	8 524 130

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2019/2020							2018/2019
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
<u>Revenue - Standard</u>								
<i>Governance and administration</i>	87 280	2 078	89 359	93 555	4 197	104.7%	107.2%	66 655
Executive and council	2 971	-	2 971	-	(2 971)	-	-	-
Finance and administration	84 309	2 078	86 388	93 555	7 168	108.3%	111.0%	66 655
Internal audit	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	6 629	188	6 817	2 726	(4 092)	40.0%	41.1%	4 419
Community and social services	2 159	15	2 174	1 110	(1 063)	51.1%	51.4%	713
Sport and recreation	125	129	254	173	(81)	100.0%	100.0%	162
Public safety	4 346	44	4 390	1 442	-	100.0%	100.0%	3 543
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	4 746	(0)	4 746	1 010	(3 736)	21.3%	21.3%	14 421
Planning and development	16	(0)	16	-	(16)	-	-	-
Road transport	4 730	-	4 730	1 010	(3 720)	21.4%	21.4%	14 421
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	108 982	8 420	117 403	120 996	3 593	103.1%	111.0%	93 708
Electricity	53 043	(643)	52 400	68 096	15 696	130.0%	128.4%	45 532
Water	33 266	(419)	32 847	24 926	(7 921)	75.9%	74.9%	32 558
Waste water management	14 029	4 516	18 545	18 630	85	100.5%	132.8%	8 755
Waste management	8 644	4 966	13 611	9 344	(4 267)	68.7%	108.1%	6 864
<i>Other</i>	-	-	-	-	-	-	-	-
Total Revenue - Standard	207 637	10 687	218 324	218 287	(37)	100.0%	105.1%	179 203
<u>Expenditure - Standard</u>								
<i>Governance and administration</i>	65 972	2 338	68 310	87 344	19 035	127.9%	132.4%	85 088
Executive and council	10 696	1 072	11 768	7 628	(4 140)	64.8%	71.3%	6 700
Finance and administration	55 276	1 266	56 542	79 716	23 174	141.0%	144.2%	78 387
Internal audit	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	9 725	(1 642)	8 083	6 362	(1 721)	78.7%	65.4%	7 479
Community and social services	4 068	(1 051)	3 017	2 586	(431)	85.7%	63.6%	3 157
Sport and recreation	828	(80)	748	509	(239)	68.0%	61.5%	782
Public safety	4 776	(589)	4 187	3 241	(946)	100.0%	67.9%	3 608
Housing	-	-	-	-	-	-	-	-
Health	53	78	131	26	(105)	100.0%	100.0%	(68)
<i>Economic and environmental services</i>	13 279	(782)	12 497	10 943	(1 554)	87.6%	82.4%	11 701
Planning and development	-	-	-	-	-	-	-	-
Road transport	13 279	(782)	12 497	10 943	(1 554)	87.6%	82.4%	11 701
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	107 478	(22 963)	84 516	95 148	10 633	112.6%	88.5%	85 398
Electricity	74 218	(8 669)	65 549	54 821	(10 728)	83.6%	73.9%	48 092
Water	15 949	(7 501)	8 448	19 701	11 253	233.2%	123.5%	17 187
Waste water management	12 318	(3 683)	8 635	12 614	3 979	146.1%	102.4%	12 352
Waste management	4 993	(3 109)	1 884	8 012	6 129	425.4%	160.5%	7 767
<i>Other</i>	-	-	-	-	-	-	-	-
Total Expenditure - Standard	196 454	(23 049)	173 406	199 798	26 392	115.2%	101.7%	189 665
Surplus/(Deficit) for the year	11 183	33 735	44 918	18 489	(26 430)	41.2%	165.3%	(10 462)

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2019/2020							2018/2019
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Municipal Manager	-	-	-	-	-	-	-	-
Council	2 971	-	2 971	-	(2 971)	-	-	-
Corporate and Human Resources	328	1 002	1 330	5 554	4 224	417.7%	1695.7%	3 861
Finance	83 753	949	84 702	87 913	3 211	103.8%	105.0%	62 685
Properties	245	127	372	89	(283)	23.9%	36.3%	110
Libraries	1 063	-	1 063	1 063	(1)	99.9%	99.9%	662
Cemetery	1 095	15	1 110	48	(1 063)	4.3%	4.3%	51
Parks and Recreation	125	129	254	173	(81)	100.0%	100.0%	162
Health Services	-	(6)	(6)	-	6	-	-	-
Waste Management	8 644	4 966	13 611	9 344	(4 267)	68.7%	108.1%	6 864
Public Works	4 730	-	4 730	1 010	(3 720)	21.4%	21.4%	14 421
Electricity	53 043	(643)	52 400	68 096	15 696	130.0%	128.4%	45 532
Water	33 266	(419)	32 847	24 926	(7 921)	75.9%	74.9%	32 558
Waste Water Management	14 029	4 516	18 545	18 630	85	100.5%	132.8%	8 755
Traffic	4 346	50	4 396	1 442	(2 953)	32.8%	33.2%	3 543
Total Revenue by Vote	207 637	10 687	218 324	218 287	(38)	100.0%	105.1%	179 204
Expenditure by Vote to be appropriated								
Municipal Manager	2 410	866	3 275	320	(2 955)	9.8%	13.3%	2 040
Council	8 287	206	8 493	7 628	(865)	89.8%	92.1%	6 700
Corporate and Human Resources	22 793	440	23 233	35 452	12 218	152.6%	155.5%	34 304
Finance	31 790	897	32 687	43 924	11 237	134.4%	138.2%	42 098
Properties	693	(71)	621	513	(108)	82.6%	74.1%	610
Libraries	3 219	(805)	2 413	2 047	(366)	84.8%	63.6%	2 591
Cemetery	850	(246)	603	539	(64)	89.3%	63.4%	566
Parks and Recreation	828	(80)	748	509	(239)	68.1%	61.5%	782
Fire Brigade	592	172	764	-	(764)	-	-	-
Health Services	53	78	131	26	(105)	19.6%	48.7%	(68)
Waste Management	4 993	(3 109)	1 884	8 012	6 129	425.4%	160.5%	7 767
Public Works	13 279	(782)	12 497	10 943	(1 554)	87.6%	82.4%	11 701
Electricity	74 218	(8 669)	65 549	54 821	(10 728)	83.6%	73.9%	48 092
Water	15 949	(7 501)	8 448	19 701	11 253	233.2%	123.5%	17 187
Waste Water Management	12 318	(3 683)	8 635	12 614	3 979	146.1%	102.4%	12 352
Traffic	4 184	(761)	3 423	2 748	(675)	80.3%	65.7%	2 944
Total Expenditure by Vote	196 454	(23 049)	173 405	199 798	26 393	115.2%	101.7%	189 665
Surplus/(Deficit) for the year	11 183	33 735	44 919	18 489	(26 430)	41.2%	165.3%	(10 461)

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description R thousand	2019/2020							2018/2019
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue By Source								
Property rates	31 967	733	32 700	32 940	240	100.7%	103.0%	12 278
Service charges - electricity revenue	43 063	(3 714)	39 349	40 244	895	102.3%	93.5%	39 211
Service charges - water revenue	26 266	(519)	25 747	24 926	(821)	96.8%	94.9%	23 340
Service charges - sanitation revenue	6 152	4 516	10 668	10 343	(325)	97.0%	168.1%	8 755
Service charges - refuse revenue	4 684	4 966	9 650	9 344	(306)	96.8%	199.5%	6 864
Service charges - other	-	-	-	-	-	-	-	-
Rental of facilities and equipment	258	112	371	297	(74)	80.0%	114.7%	349
Interest earned - external investments	300	-	300	594	294	198.2%	198.2%	323
Interest earned - outstanding debtors	1 100	200	1 300	1 183	(117)	91.0%	107.5%	784
Dividends received	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	3 830	-	3 830	1 172	(2 658)	30.6%	30.6%	3 115
Licences and permits	128	45	173	29	(144)	16.7%	100.0%	5
Agency services	490	-	490	281	(209)	57.3%	57.3%	441
Transfers and subsidies	54 666	3 036	57 702	58 523	821	101.4%	107.1%	53 948
Other revenue	1 201	1 312	2 513	5 648	3 135	224.8%	470.2%	3 166
Gains on disposal of PPE	-	-	-	-	-	100.0%	100.0%	-
Total Revenue (excluding capital transfers and contributions)	174 105	10 687	184 792	185 524	(38 617)	100.4%	106.6%	152 579
Expenditure By Type								
Employee related costs	69 046	115	69 161	59 839	(9 322)	86.5%	86.7%	60 884
Remuneration of councillors	5 438	-	5 438	5 263	(175)	96.8%	96.8%	5 035
Debt impairment	7 574	(16 815)	(9 241)	33 323	42 564	-360.6%	440.0%	26 301
Depreciation & asset impairment	11 018	-	11 018	12 181	1 162	110.5%	110.5%	11 324
Finance charges	6 659	-	6 659	19 618	12 959	294.6%	294.6%	21 506
Bulk purchases	62 320	(6 820)	55 500	46 046	(9 454)	83.0%	73.9%	40 979
Other materials	5 203	2 467	7 670	4 001	(3 669)	100.0%	100.0%	1 921
Contracted services	17 635	(1 699)	15 937	-	(15 937)	-	-	-
Transfers and grants	-	-	-	-	-	100.0%	100.0%	-
Other expenditure	11 552	(297)	11 255	19 125	7 870	169.9%	165.6%	21 309
Loss on disposal of PPE	9	-	9	402	393	100.0%	100.0%	401
Total Expenditure	196 454	(23 049)	173 406	199 798	26 392	115.2%	101.7%	189 660
Surplus/(Deficit)	(22 349)	33 735	11 387	(14 274)	(25 660)	-125.4%	63.9%	(37 081)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)								
	33 532	-	33 532	32 762	(770)	97.7%	97.7%	26 620
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)								
	-	-	-	-	-	100.0%	100.0%	-
Transfers and subsidies - capital (in-kind - all)								
	-	-	-	-	-	100.0%	100.0%	-
Surplus/(Deficit) for the year	11 183	33 735	44 919	18 489	(26 430)	41.2%	165.3%	(10 462)

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2019/2020							2018/2019
	Original Budget	Budget Adjustments (i.l.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Municipal Manager	-	-	-	-	-	-	-	-
Council	-	-	-	-	-	-	-	-
Corporate and Human Resources	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Traffic	-	-	-	-	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	-	-
Single-year expenditure								
Municipal Manager	-	-	-	-	-	-	-	-
Council	-	-	-	-	-	-	-	-
Corporate and Human Resources	-	-	-	646	646	100.0%	100.0%	340
Finance	10 210	50	10 260	105	(10 155)	1.0%	1.0%	1 790
Libraries	-	-	-	-	-	-	-	-
Cemetery	1 050	-	1 050	-	(1 050)	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Health Services	-	-	-	-	-	-	-	-
Waste Management	3 961	-	3 961	10	(3 950)	0.3%	0.3%	-
Public Works	3 720	-	3 720	-	(3 720)	-	-	10 801
Electricity	9 924	-	9 924	21 369	11 445	215.3%	100.0%	5 232
Water	7 000	200	7 200	31	(7 169)	100.0%	100.0%	1 486
Waste Water Management	7 877	-	7 877	8 093	216	100.0%	100.0%	6 522
Traffic	-	-	-	-	-	-	100.0%	-
Capital single-year expenditure	43 742	250	43 992	30 254	(13 737)	69%	69%	26 171
Total Capital Expenditure - Vote	43 742	250	43 992	30 254	(13 737)	69%	69%	26 171
Capital Expenditure - Standard								
Governance and administration	10 210	50	10 260	751	(9 509)	7.3%	7.4%	2 130
Executive and council	-	-	-	-	-	-	-	-
Budget and treasury office	10 210	50	10 260	105	(10 155)	1.0%	1.0%	1 790
Corporate services	-	-	-	646	646	100.0%	100.0%	340
Community and public safety	1 050	-	1 050	-	(1 050)	-	-	-
Community and social services	1 050	-	1 050	-	(1 050)	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	3 720	-	3 720	-	(3 720)	-	-	10 801
Planning and development	-	-	-	-	-	-	-	-
Road transport	3 720	-	3 720	-	(3 720)	-	-	10 801
Environmental protection	-	-	-	-	-	-	-	-
Trading services	28 762	200	28 962	29 493	532	101.8%	102.5%	13 240
Energy sources	9 924	-	9 924	21 369	11 445	215.3%	215.3%	5 232
Water management	7 000	200	7 200	31	(7 169)	100.0%	100.0%	1 486
Waste water management	7 877	-	7 877	8 093	216	100.0%	100.0%	6 522
Waste management	3 961	-	3 961	-	(3 961)	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	43 742	250	43 992	30 244	(13 747)	69%	69%	26 171
Funded by:								
National Government	33 532	-	33 532	22 111	(11 421)	65.9%	65.9%	22 111
Provincial Government	-	-	-	1 478	1 478	100.0%	100.0%	1 478
District Municipality	-	-	-	246	246	#DIV/0!	#DIV/0!	246
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	33 532	-	33 532	23 835	(9 697)	71%	71%	23 835
Public contributions & donations	-	-	-	175	175	100.0%	100.0%	175
Borrowing	10 210	-	10 210	105	(10 105)	100.0%	100.0%	1 790
Internally generated funds	-	250	250	371	121	148.4%	#DIV/0!	371
Total Capital Funding	43 742	250	43 992	24 486	(19 505)	56%	56%	26 171

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
CASH FLOWS

Description	2019/2020							2018/2019
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	23 016	528	23 544	32 940	9 396	139.9%	143.1%	12 278
Service charges	64 296	2 783	67 080	44 086	(22 994)	65.7%	68.6%	55 353
Other revenue	3 992	1 469	5 461	3 089	(2 372)	56.6%	77.4%	7 168
Government - operating	54 666	3 036	57 702	58 362	660	101.1%	106.8%	51 953
Government - capital	33 532	-	33 532	36 542	3 010	109.0%	109.0%	14 946
Interest	520	40	560	1 777	1 217	317.3%	341.7%	1 107
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(145 512)	(6 733)	(152 246)	(127 484)	24 762	83.7%	87.6%	(89 248)
Finance charges	(7 574)	915	(6 659)	(19 618)	(12 959)	294.6%	259.0%	(21 506)
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	26 937	2 038	28 975	29 694	720	102.5%	110.2%	32 051
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	1	1	100.0%	100.0%	243
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	2 828	-	2 828	-	(2 828)	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(43 742)	(250)	(43 992)	(29 696)	14 296	67.5%	67.9%	(24 206)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(40 914)	(250)	(41 164)	(29 695)	11 470	72.1%	72.6%	(23 963)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	(10)	-	(10)	(1)	9	6.8%	6.8%	3
Payments								
Repayment of borrowing	(4 304)	-	(4 304)	(2 855)	1 449	66.3%	66.3%	(2 675)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4 314)	-	(4 314)	(2 856)	1 458	66.2%	66.2%	(2 672)
NET INCREASE/ (DECREASE) IN CASH HELD	(18 291)	1 788	(16 503)	(2 856)	13 647	17.3%	15.6%	5 416
Cash/cash equivalents at the year begin:	(13 109)	30 000	16 891	6 630	(10 261)	100.0%	100.0%	1 214
Cash/cash equivalents at the year end:	(37 169)	7 816	388	3 774	4 844	972.0%	-10.2%	6 630